

STATE OF HAWAII
LAND USE COMMISSION

Approved
5-17-68

Minutes of Meeting

Hale Halawai Cultural Center
Kona, Hawaii

January 12, 1968 - 1:00 p.m.

Commissioners Present: C. E. S. Burns, Chairman
Wilbert Choi
Jim Ferry
Goro Inaba
Leslie Wung
Shiro Nishimura
Keigo Murakami

Commissioner Absent: Shelley Mark

Staff Present: Ramon Duran, Executive Officer
Ah Sung Leong, Planner III
Roy Takeyama, Legal Counsel
George Pai, Attorney General's Office
Dora Horikawa, Stenographer

Persons planning to testify before the Commission were sworn in by Chairman Burns.

HEARING

PETITION BY OLOHANA CORPORATION (A67-166) TO RECLASSIFY APPROXIMATELY 840 ACRES FROM THE AGRICULTURAL DISTRICT TO THE URBAN DISTRICT AT KAWAIHAE, HAWAII

A recommendation to approve the petition was presented by Mr. Duran in the staff report, on the basis that the request did not contribute toward scattered urban developments, conformed to the General Plans of the County and of the State of Hawaii, and the area was not suited for any agricultural pursuit.

Mr. Duran advised that staff was in receipt of a letter from the Queen's Hospital, owners of portions of the petitioned area, endorsing and concurring with petitioner's request for the reclassification. However, the signature of Richard Smart, owner of a portion of the area petitioned, supporting the request has not been received.

It was pointed out that since approximately two-thirds of the 400 acres owned by Mr. Smart were presently in golf course use, about 150 acres would be available for residential development.

It was Mr. Duran's understanding that adequate water was available in the Kawaihae District.

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Mr. Philip Yoshimura, Deputy Planning Director of the Hawaii County Planning Commission, submitted that the County's recommendation for approval of the petition was based on the same reasons that were presented by the Executive Officer in the staff report.

Although the subject area was zoned in the Agricultural District, none of it was presently being used for agricultural purposes, Mr. Duran commented.

Mr. Robert Sanford, Attorney with Dillingham Corporation, explained that the Dillingham Corporation and Rockefeller had formed a joint venture to develop the property under petition. Two points for clarification were presented as follows:

1. Since negotiations have not been finalized for the Richard Smart property, petitioners request that only the Queen's Hospital parcel be considered under this petition.
2. There is a discrepancy between the legal description and the map that was attached as an exhibit of the Queen's Hospital property. The boundary line as shown on the map is in error, and the legal description of the property describes the accurate boundary.

Mr. Gordon Uyeda of the Dillingham Corporation elaborated on the Dilrock project as follows:

1. A hotel is being contemplated in the Hapuna area.
2. Houselots which are indicated in yellow on the map, approximately 1/2 acre in size, will be designed in a cluster-type fashion.
3. The plans called for at least two golf courses.
4. The brown areas on the map indicated condominium or apartment-hotel type development, with residential development in the mauka area.
5. The hotel being contemplated is presently under engineering and working drawings. Approximately 300 rooms are envisioned initially, with possibly 500 additional rooms. The design will be architecturally similar to the Mauna Kea Hotel.
6. The approximately 460 acres involved under the petition were broken down as follows:

a. Housing Area	- 250 acres
b. Civic Center	- 90 "
c. Industrial Area	- <u>120</u> "
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Mr. Uyeda emphasized that the need for employee housing was a very pressing one in the Kawaihae area with approximately 350 people presently employed by the Mauna Kea Hotel and a substantial increase anticipated upon completion of the Hapuna Hotel within the next 1½ years. Their present studies indicate a price range from \$15,000 to \$25,000 for these 2-3 bedroom pre-fabricated type homes. The possibility of rental units was also being explored to accommodate those who would be unable to afford these homes. Employees have expressed a great preference for housing in the vicinity of the hotels to eliminate the daily drudgery of traveling great distances to their work sites.

The Civic Center will include a post office, security and police forces and recreational center for employees.

The Industrial area will be used primarily for light industrial purposes such as a central laundry and dry-cleaning facility. Only 65% of the 120 acres in this area will be usable because of the terrain, gulleys, etc.

Mr. Uyeda advised that there had been no determination made as to the number of homes which could be built in the residential area.

Commissioner Ferry requested petitioner to clarify the relationship between the Dillingham Corporation and the Olohana Corporation.

Mr. Sanford replied that the original lease was taken in Mr. Rockefeller's name who subsequently turned it over to Olohana Corporation, a wholly-owned company of Mr. Rockefeller. Upon Mr. Rockefeller's request, the Dillingham Corporation reviewed the project, found it to be a reasonable and workable development and entered into an agreement with Olohana Corporation, from which evolved the Dilrock Company. The property has not been completely transferred to the Dilrock Company due to the tax consequences.

On the subject of water availability in the area, Commissioner Ferry elaborated that presently there was a serving capacity of approximately 1,000,000 gallons daily with the daily usage about 700,000 to 750,000 gallons. The Board of Land and Natural Resources has just authorized construction of a 50,000,000 gallon reservoir which should increase the system's capacity by some 2,000,000 gallons and should take effect sometime in 1969. Ultimately, with the dam being constructed mauka, the system's capacity will increase to about 6-7,000,000 gallons. Although the timetable for this is scheduled around 1975, with additional outside assistance and the cooperative effort by the adjoining landowners, it is conceivable that this timetable can be moved up by at least 3 years.

Mr. Uyeda commented that they have investigated the possibility of utilizing the effluence from the sewers for irrigation and maintenance of the golf course, thereby conserving the fresh water.

Since there was no further testimony, the hearing was closed.

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PETITION BY GEORGE R. SIMS (A67-167) TO RECLASSIFY 3.05 ACRES FROM AGRICULTURAL TO URBAN AT OLAA, PUNA, HAWAII

Mr. Leong presented the staff report recommending denial of the request since the land is suitable for agricultural pursuits and rezoning would constitute spot zoning.

Mr. Sims submitted that the subject property was purchased by him in July, 1957 and vested in the name of his stepson, but that the title was transferred into Mr. Sims' name in 1965, and that this was not the purchase date as reported by staff. He has been in and out of Queen's Hospital these past few years due to illness, but has maintained his home on subject property all these years so that the property has never been vacant.

Mr. Sims added that the property was put on the market some 40-45 years ago as 1-acre houselots, according to Mr. Smith, surveyor. Although the whole area is classified as agricultural, there was no possibility of making a living from pursuing agricultural activities on a 3-acre lot, and all others have given up growing sugar cane in the area.

A tentative approval had been granted this subdivision by the Hawaii Planning Commission. Utilities were available and a \$20,000 appropriation was available for a rural type water line extension. Mr. Sims made a plea to the Commission to allow him subdivision of the property into 5 lots.

Mr. Duran commented that since the property was designated as 1-acre houselots in 1957 and also by the present county ordinance, Mr. Sims could subdivide his property into 3 lots and still be within the intent of the Land Use Regulations as well as the County Regulations.

The hearing was closed thereafter.

PETITION BY RICHARD SMART (A67-169) TO RECLASSIFY 230 ACRES FROM AGRICULTURAL TO URBAN AT WAIMEA, SOUTH KOHALA, HAWAII

A recommendation for denial of the petition was presented by Mr. Leong on the basis that the petitioner had not submitted proof of the need for reclassification, sufficient urban reserves have been set aside, and the reclassification would result in increased operating costs at public expense.

Commissioner Ferry questioned the reason for the reversal of the County's original decision for a denial of the petition. Mr. Yoshimura of the County Planning office advised that the basis for their denial was to preclude the inflation of land values before land acquisition for highway purposes could be consummated by the government agency. However, since Mr. Smart has expressed willingness to donate the land for highway purposes, the Planning Commission reviewed the application again and came up with a recommendation for approval.

Pursuing the matter further, Commissioner Ferry wondered if the mere fact that the petitioner would donate the lands for highway purposes removed

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the conflict with the general plan which designated a major portion of this area for ranching, and which was listed as one of the reasons for denial. Mr. Yoshimura replied that the Planning Commission felt the changing trends of development in the Waimea area warranted a review of the General Plan again.

The County's action in zoning the 108 acres into A-1 lots was the result of requests from residents who wanted large lot sizes for that area instead of the urban designation.

Mr. Norman Brand, Attorney for the petitioner, testified that although he did not expect the application to apply to areas owned by others, the school which owned the small area on the right of the reservoir was very interested in obtaining additional land. On the other small piece over to the right, the petitioner had a 50% interest and was in the process of acquiring the remainder.

In justifying the low density in the existing urban area, Mr. Brand delved into the history of the Waimea area dating back to the horse-and-buggy era when houseslots were contained within 2½-3 acre lots. Many of these lots still remained in their originally subdivided condition.

The reasons for the fact that only 40% of the Lalamilo Houseslot Subdivision Unit 1 put on the market in 1965 had been sold were listed as follows by Mr. Brand:

1. The requirement that a house had to be built within 2 years after purchase of lot.
2. In the event of resale of property, buyer was mandated to give State first refusal, and then offer it for sale at the fair market value or his purchase price, whichever was less.

The slow sales of the Kuhio Village project was blamed on the 50% Hawaiian lineage requirement that had to be met in order to qualify for the project.

The petitioner's own Ahuli Subdivision was 90% sold as of December 31, 1967 and the people planned to build as soon as the lots are paid for.

Although a large portion of the area was dedicated for agricultural use 8 years ago when the Land Use Law came into effect, radical changes have taken place in the needs and requirements of the community. The Kamuela area is developing rapidly and an updated survey made by the County of Hawaii on economic development projected that between 1965-71, an increase of 3,000 persons was anticipated in the South Kohala region.

There has been a tremendous boost in the tourist industry and it was important for the petitioner to be in a position to offer 10 or even 20 acres to an interested investor for an orderly development. Mr. Smart had the only

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resource to meet this type of demand in the area, and only recently had been approached by a Mainland motel operator.

Commissioner Ferry argued that other State subdivisions such as Wiliwili on Kauai, Diamond Head and Waiamanalo on Oahu, etc., on which similar restrictions as those on the Lalamilo Houselots had been imposed had met with success. He also pointed to the availability of urban vacant lands owned by the petitioner for development. Mr. Brand agreed but stated that there was also the matter of location to be considered.

Commissioner Ferry suggested that perhaps a special permit approach might be more appropriate for the petitioner's request and added that it was a less cumbersome route and would also reduce the time element. Commissioner Ferry also spoke of the increase in land values if a reclassification were to be effected. He reiterated that there was ample urban land owned by the petitioner suitable for development.

Mr. Brand argued that these urban lands were spread throughout the whole area and there was no cohesive lot that could be developed in an orderly fashion.

Commissioner Ferry pointed to the lack of a master plan for the development.

Referring to Commissioner Nishimura's remark that the 3,000 projected population increase between 1965-71 would take place in Kawaihae, Mr. Brand said that they anticipated a large spill-over into the Kamuela area because of its favorable climatic condition.

Since there was no further testimony, the hearing was closed.

PETITION BY KEALAKEKUA RANCH, LTD. (A67-170) TO RECLASSIFY APPROXIMATELY 300 ACRES FROM THE AGRICULTURAL DISTRICT TO THE URBAN DISTRICT AT KAILUA, KONA

Mr. Duran presented the staff report recommending the 18-acre area above Mamalahoa Highway be included in the Urban District, but that that portion of the request below Napoopoo Road to the pali above Kealakekua Bay be denied until a comprehensive plan for the area has been adopted by the County and until the need for additional urban area can be justified (see copy of report on file).

Major surrounding areas such as the existing Urban District, Honaunau town, Keaouhou Bay, Kailua, Kona, etc., including the petitioner's land comprised of two parcels, were pointed out on the zoning district map by Mr. Duran.

Mr. Duran stated there was a 12" line along Mamalahoa Highway and any extension of this line into proposed development will have to be borne by the developer.

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The development plan contemplated the upper area for housing the low income groups. The housing area around the golf course would be priced in the higher range, catering to second home buyers and retiring people.

Mr. Duran read a letter addressed to Commissioner Ferry from the Conservation Council of Hawaii against the rezoning (see copy of letter on file).

Mr. Sherwood Greenwell testified in behalf of the petition as follows:

Members of the Greenwell family, owners of Kealakekua Ranch, a family corporation, had been brought up with the understanding that "Kealakekua will always take care of us if we take care of Kealakekua", and to believe that Kealakekua was not just rocks and dirt but more like an individual. Kealakekua means "the pathway of the Gods". It had never been their intent to spoil or desecrate the beauty of Kealakekua in any way.

Although these are some of the best ranching lands around, the use of the area down by the beach is seasonal dependent on weather conditions, with summer being the heavy use period, and poor years such as 1963 have brought the family very small yields. Thus, development along the cliff was sought as a means of finding another use for Kealakekua.

The development plan envisions a subdivision of 10,000 square foot lots on a modified cluster type design, open spaces, golf course and hotel sites. A planner-designer is presently working on a design criteria to blend the buildings into the background. The setback from the ridge line is proposed at 250 feet and it was felt that this might possibly serve as the logical road alignment. It was also in the plan to rehabilitate some of the old Hawaiian roads that were ruined on the slopes of the cliff.

Approximately 5 acres plus a triangular piece of property and another area will be denoted to the State with the hope that a museum and amphitheater for Hawaiian pageants and historical legends will be constructed. A gift of 2 acres to the County was also contemplated in the low-cost housing area for a park.

Police and fire protection was available within a radius of half-a-mile. A sewer treatment plant was required by the County Engineer for the hotel and it was also in their plans to connect the whole subdivision on a sewer line and to pump the effluence up to the golf course for irrigation purposes. All utilities will be underground. A 12' height limitation on houses was being considered and the restrictive use of reflecting materials. A heliport was also being considered. A community management association will take care of the open spaces.

Since the hotels will be on a lease basis, petitioner will have control over the construction and material to be used.

Financing will be handled entirely by petitioner and partners involved, and there will be no request for financial aid or facilities from the government.

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An aerial tramway down to Napoopoo was also in the plans, but not a part of this petition.

Additional testimonies by various individuals are listed below in the order of their appearance:

Lt. Governor Thomas Gill

Lt. Governor Gill presented a prepared statement discussing the broad implications of the proposed development and urging the Commission to preserve a buffer zone along the entire length of the cliff to preserve the visual aspects of the cliff from the bay. (See copy of report on file.)

The following data was submitted for the records by Lt. Governor Gill for the consideration of the Commission:

1. Letter from the Land Study Bureau, University of Hawaii, dated January 10, 1968, describing the land classification of the area along the cliffs of Kealakekua Bay.
2. Letter from the Department of Anthropology, University of Hawaii, dated January 11, 1968, supporting the concept of conservation of historic and esthetic values.
3. A study of the historical significance of Kealakekua Bay prepared by the Division of State Parks (on loan only).
4. A picture story of the scenic highway sites from the Volcano down to Kealakekua Bay.

Donald H. Wolbrink, President
Donald Wolbrink & Associates, Inc.

See prepared letter on file setting forth the rationale behind the present boundaries, commenting on the mandatory 5-year comprehensive review, making reference to the Kona Plan prepared in 1960 and the Statewide Comprehensive Outdoor Recreation Plan now underway.

Lloyd Soehren
Department of Anthropology
Bishop Museum

Mr. Soehren reported on the archeological aspects, especially in regard to the preservation and possible restoration of archeological and historic features in the lands between Honaunau and Kealakekua.

Lt. Governor Gill observed that the State's development of historic sites was rudimentary and that we had hardly begun. He emphasized the importance of reconstructing the village in the area and developing the historic sites into more attractive tourist attractions.

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Joseph M. Souza
Division of State Parks

Mr. Souza elaborated on the State's plans to develop Kealahou Bay as a major State park (see copy of prepared statement).

Mr. Greenwell added that he had had discussions with Mr. Souza regarding the possibility of developing plans for a State park that would be of benefit to both the State and Mr. Greenwell.

Alfred Preis, Director
State Foundation on Culture and the Arts

Mr. Preis advised that his Foundation was involved in administering the festival of pageant development for the Kealahou area. The value of Kealahou Bay dating back to pre-historic times was immeasurably greater than even Diamond Head. It was important to demonstrate the beauty and unique history of Hawaii, the only State which had a kingdom, to all peoples, our children and ourselves.

The State Foundation, with the promised support of a grant from the National Foundation of the Arts and Humanities, contemplated on conducting research in the near future of not only the archeological and pre-historic background, but also the activities and culture of the Hawaiian people. For the sake of authenticity, it was important that any contemporary development which would be inconsistent with Hawaiian history be kept out of the line of vision. The Foundation had no objection to the development of the area on top of the cliff.

The entire bay will become a stage and the cliffs and pali will provide the background for the festival of pageant development.

The problem was one of determining where the boundary line should be drawn between the prehistoric scene and contemporary living.

Mr. Preis gave a brief report on the current work being conducted on the Environmental and Urban Design study for the State of Hawaii. This study has been undertaken by the State Foundation on Culture and the Arts under a grant of \$50,000 from the National Foundation of the Arts and Humanities. This study was primarily concerned with defining criteria and the location for a scenic road linking Kawaihae with Honaunau and will be completed in the next 2 months. The entire study is scheduled to be completed in November. Mr. Preis urged that the Commission await the completion of these recommendations from competent professional people which will include archeological, natural and conservation aspects, boundary line, road alignment and a reserve area for a corridor.

Lt. Governor Gill brought out that there was presently a federal-state-county-private joint development project concerned with a scenic highway from the Volcano across the Saddle down to Honaunau and on up the coast including Kealahou Bay. A study had been prepared for presentation to the

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Legislature for a park plan involving the areas of Maunaloa and Kealakekua Village, including the top of the cliff. It was emphasized that the top of the cliff is part of the basic visual aspect of Kealakekua Bay and that this had to be preserved. If this line were broken at the top of the cliff on Greenwell property, there would be no way of stopping the surrounding land from the same development.

A detailed report of "An Evaluation of the Archaeological Features Between Honaunau and Kaawaloa, South Kona, Hawaii" by Lloyd J. Soehren of the Bishop Museum was also presented for the record.

In response to Commissioner Ferry's query, Mr. Greenwell advised that the overall development and sales of the project will be handled by Kealakekua Ranch with a construction partner who will be given title to some of the property for his participation. Two major hotel operators have indicated interest, as well as some others who were interested in financing the project.

Mr. Greenwell stated that the County Planning Commission had approved his plans with a few suggestions for changes such as the width of the road.

Mr. Suefuji, County Planning Director, commented that if the change in classification is granted the petitioner, he will still have to appear before the Hawaii Planning Commission for proper zoning, and that the County's requirement in open space under the CZO is much more rigid than those under the DLNR regulations. (If the petitioner is planning on a cluster type development, he should submit a preliminary plan showing the total development and the zoning would be based on this.)

Mr. Greenwell submitted that the hotel development envisioned 200 rooms per hotel not to exceed 4 stories in height.

Mr. Soehren stated that he was not in a position to suggest where the boundary should be with respect to known and existing archeological aspects.

Mr. Preis reiterated that a recommendation for the setback will be forthcoming from a team of 5 different local firms working together with 5 internationally prominent advisers. The 250' setback recommended by Belt Collins would not be consistently adhered to all along the cliff--it may be 50' somewhere, 90' elsewhere and perhaps 900' at another spot.

Robert Wenkam, Hawaii Vice-President
Federation of Western Outdoor Clubs

Mr. Wenkam presented a prepared statement opposing any change in zoning which would permit urbanization of the fields above Kealakekua Bay (see copy of report on file).

Mr. Greenwell submitted that the determination to go into subdivisions in the lower area was based upon economic factors. The ranch was not making money raising steer and they were seeking a substitute use for the land.

Since there was no further testimony, the hearing was closed.

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ACTION

PETITION BY KUAKINI INVESTMENT INCORPORATED (A67-157) TO RECLASSIFY 19.4 ACRES FROM AGRICULTURE TO URBAN AT NORTH KONA, HAWAII

Based on the fact that the petitioner's additional data had not provided proof of need for the reclassification and on the staff's analysis of October 13, 1967, it was again recommended that the petition be disapproved (see copy of report on file).

Commissioner Ferry referred to previous discussions involving other petitions in which it was brought out that due to the pattern of ownership, much of the urban-zoned lands were not necessarily available for sale and development. He felt too much emphasis was being placed on undeveloped urban lands.

Mr. Duran agreed that all these points merited consideration and should be discussed at the time of the boundary review later in the year. He also suggested that it might be appropriate at this time to encourage deferral of petitions involving substantial land areas.

Mr. Carlsmith, attorney representing petitioner, advised that Mr. Gouveia had sold 200 acres of land to some developers some years back. Mr. Gouveia himself had only developed a strip of lots in the 50's and another subdivision in the makai area in 1962 which were completely sold. Presently, Mr. Gouveia did not own any urban-zoned undeveloped lands.

Commissioner Ferry moved that the petition be approved on the grounds that it is suitable for urban development, seconded by Commissioner Choi. The motion was carried unanimously.

PETITION BY ANNIE KAOLOWI TO RECLASSIFY 1.08 ACRES AT LAUPAHOEHOE, HAWAII FROM AGRICULTURE TO URBAN

A recommendation for approval of the petition was presented by Mr. Ah Sung Leong since it would not contribute to scattered urban development and conforms with the County General Plan (see copy of report on file).

Commissioner Choi moved to accept the staff's recommendation which was seconded by Commissioner Murakami and passed unanimously.

EXTENSION REQUEST BY RICHARD SMART ON SPECIAL PERMIT (SP66-34) TO EXPAND A COMMERCIAL BUILDING INTO AN ADJOINING AGRICULTURALLY ZONED LOT

Mr. Leong read a letter from the Hawaii County Planning Commission to Mr. Roy Nakamoto granting an extension of 6 months to Richard Smart to expand a commercial building into an adjoining agriculturally-zoned lot at South Kohala, Hawaii (see copy of letter on file).

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Since the LUC's concurrence with the County's recommendation intended agreement with the conditions imposed by that agency, it was recommended that the 6 months' extension be approved.

Commissioner Inaba made a motion to approve the extension, seconded by Commissioner Ferry and passed unanimously.

REHEARING REQUEST BY KAUAI HELICOPTERS (SP67-47)

Mr. Duran read a letter received from Mr. Tatsuo Asari, attorney for Kauai Helicopters, requesting a rehearing before the Land Use Commission.

Since this matter was acted upon December 15, 1967 and not brought up within 24 hours of the decision according to the Commission's policy, Chairman Burns advised that they would have to apply again through a new application with new evidence.

TENTATIVE SCHEDULE

January 24, 1968 in the evening was set as the next meeting date.

Since there was no further business, the meeting was adjourned.