

STATE OF HAWAII
LAND USE COMMISSION

1:00 P.M. Meeting

April 18, 1969

Kailua-Kona, Hawaii

STATE OF HAWAII
LAND USE COMMISSION

April 18, 1969

CHAIRMAN INABA:

Ladies and gentlemen, will the meeting please come to order.

We have one item on our agenda which is a hearing, No. A68-208, Kid McCoy, 146 acres from agricultural to urban at Captain Cook, South Kona, Hawaii. In order to expedite the presentation, I'd like those of you that intend to testify to please stand and raise your right hand and be sworn in. If you're an attorney, this is not necessary. Why we exclude attorneys, I don't know, but we do. So if those of you that are going to testify will please stand and raise your right hand. Do you solemnly swear the statements you are about to make are the truth, the whole truth and nothing but the truth, so help you God?

RESPONSE:

I do.

CHAIRMAN INABA:

Thank you.

MR. DURAN:

Mr. Chairman, gentlemen of the Commission, ladies and gentlemen. This application has been duly advertised. Let me call your attention first of all to the maps on the board. This is our district map. The green represents the conservation district at Kealahou Bay and along the shoreline over to Honaunau. This is Maunaloa Highway. The area in the pink represents the existing urban district. This is Napoopoo, Captain Cook. This is the area recently rezoned. The property in question is located here - a 40-acre parcel - and separated by about a 40-acre area, and then a parcel in the yellow here of about 106 acres.

MR. DURAN (Cont'd.)

To our staff report. (The staff report dated April 18, 1969 re: A68-208 - Kid McCoy, Jr., was read verbatim.)

CHAIRMAN INABA:

First of all, who owns the property between these two pieces?

MR. DURAN:

There are about 7 property owners . . . no, 5 property owners, and it's various owners.

CHAIRMAN INABA:

Have they given any indication of their desires regarding change of . . . ?

MR. DURAN:

We have heard nothing from them.

CHAIRMAN INABA:

Is there any particularly unique development that's planned in this area? What is the purpose of urbanizing?

MR. DURAN:

I understand that the intent was to combine low-cost housing in this area. I'm not sure on that, and maybe the petitioner would like to comment on that. As far as the proposed developments in the area are concerned, as I mentioned earlier, the 300 acres plus on the Kealakekua Ranch lands was intended for a golf course and some resort development with residences surrounding the golf course, as well as low income housing above the Napoopoo Road and also apartment development on the mauka side of the highway.

CHAIRMAN INABA:

I notice in your projections, you use a projection of 60 acres would

CHAIRMAN INABA (Cont'd.)

be needed for residential land by 1980. What is the projection . . . what does it include in the way of additional hotel rooms in this district, because you can almost multiply your hotel rooms by 3 or 4 to get the employees required, and has this been taken into consideration?

MR. DURAN:

We haven't made a study insofar as that is concerned. These were figures that were quoted by the Department of Planning and Economic Development.

CHAIRMAN INABA:

I see. Do any of the Commissioners have any other questions?

MR. CHOY:

Where's the 7 acres that the County has recommended?

MR. DURAN:

It is a continuation of the existing urban district along the Belt Highway. It would be right there on the map.

COMMISSIONER:

What is the County's classification for the lands around that area?

MR. DURAN:

It's in the ag district, and I'm not sure of the density of development there.

COMMISSIONER:

Is it open?

MR. DURAN:

In the open zone?

COMMISSIONER:

Yes.

MR. DURAN:

That I'm unsure of.

CHAIRMAN INABA:

Are there any other questions? If not, would the petitioner or his representative care to make a statement? Would you give us your name and association please, for our records?

MR. McCOY:

My name is Kid McCoy. I've lived in Kona for some 15 years. I have been closely associated with the agriculture in this district since I've been here. I have a degree in agriculture from Texas A & M plus a Masters in agriculture and a . . . (inaudible) . . . so I'm well advanced in agriculture. I have done some developing in Kona. I have some interests in hotels and golf courses.

The property in question, of course, is a . . . (inaudible) . . . and about 30% of it, of course, is . . . (inaudible) . . . which is unfit for cultivation. (The echo of Mr. McCoy's voice over the microphone into which he was speaking made much of his comments inaudible.) It's probably one of the best locations in the world for . . . (inaudible) . . .

A great many of the employees that work right in these resorts in that area have lived their for generations.

I constantly try to think of things to boost our economy and to assist in situations that might help my community. I decided to check further into how to develop pampas lands. Many times I could have sold this land for a very nice profit to speculators and so forth, but I don't think that that's what should be done with it right now. I took a little period of leave and went to the West Coast and, after checking around, had the very good fortune of meeting up with a group who I was assured by

MR. McCOY (Cont'd.)

the Bank of America are number one as far as they're concerned. And I found in Southern California that they're recognized as top developers. They are not speculators. The people are builders. I had the pleasure of going out and visiting many of their projects. I found out they'd been the backers for the building of Palos Verdes, Burbank . . . a number of the areas in Southern California. I went and visited and saw their (inaudible) which is made up of a tremendous group of highly qualified people.

There's two things that we need here: one is know-how and another is financial hustle. These people, I'm sure, have all that. Another thing that made it go so well and what I was looking for was the fact that they specialize in sea terrain and the utilization of what many call wasteland.

As for the need of housing . . . of course, I'm not a land expert in the Land Use Law, but I know the years are rolling by and in the past few years, our approach has been absolute . . . (inaudible) . . . and I think the audience here would all back this up . . . (inaudible) . . . (A good share of Mr. McCoy's comments have been deleted because only a few words out of each sentence could be understood.) We have an acute shortage of housing, especially for the people who must work in this proposed (inaudible) hotels. It is also my belief that they should be built around the perimeters of the resort area. Incidentally, as far as that housing problem goes, I'm sure you're aware of some of the newspaper articles that have been published on Kona housing. I won't take you gentlemen's time to read or go over this unless you want me to.

CHAIRMAN INABA:

Would you submit copies please of those newspaper articles to the secretary?

MR. McCOY:

Yes, of course.

CHAIRMAN INABA:

We would be happy to review them later.

MR. McCOY:

Very good. I have letters here from brokers that I would like to submit to you and give you a rough idea of what they . . (inaudible) . . I have a letter here from the Captain Cook Community Association which is made up of a group of people which is referred to as the Chamber of Commerce. It's the businessmen and farmers of that area. (Mr. McCoy read this letter verbatim.) I'd like to also read a letter here from one of the brokers who . . (inaudible) . . been around here for some time. (Mr. McCoy also read this letter.) I don't think I have to go into the rainfall and the weather conditions in that area. I think you know the situation quite well.

At this time, I would like to introduce my associates, (inaudible), and let them give you a little bit of an idea of what they brought over. Gentlemen, I'd like to introduce to you the vice president and one of the principals of (inaudible). He is . . . very closely associated with the (inaudible) industry in California and that . . (inaudible) . . I will let him introduce his . . (inaudible) . .

CHAIRMAN INABA:

Dr. McCoy, one minute before you sit down. I'd like your observations on the problem that has sort of bothered our Commission and that is that we have districted substantial areas of land in Kona into urban use and yet this has not been followed by an increase in homes, especially low-cost homes and housing. So I would like observations from you and

CHAIRMAN INABA (Cont'd.)

your associates on . . . does the mere granting of additional urban area . . . is it going to result in houses or is it going to just result in a few houses being built in a large area of districted land into urban with no buildings?

MR. McCOY:

My answer to that would be the fact that having been out to these sites before, I determined this time that the main thing was to get the people with the financial muscle to do what they decided they were going to do. I think financing has held up a lot of the development and will continue to do so in our present money market. This I think is possibly one of the keys. The main thing I hope to do with my land is to subdivide it and sell it out as house lots because . . (inaudible) . . This is my thinking.

SPEAKER INTRODUCED BY DR. McCOY:

(This gentleman was speaking so softly that many of his comments were nearly totally inaudible.)

. . . gentlemen I brought with me . . . (inaudible) . . . is Jack Lubelt (?), president of Engineering Services, and with his company, we have developed over 15,000 home sites that were built over I guess about a 20 year period. Sitting next to Jack is Russ (inaudible), our architect, who has been involved in over 10,000 homes . . (inaudible) . . With them is some of our staff . . . (inaudible) . . . this project and to try to ascertain what kind of project . . (inaudible) . . What I'd like to stress is this: our organization is a building organization; we're not land speculators. In fact, I can't recall . . (inaudible) . . I've personally been involved in this business only 5 or 6 years, but we have built over 25,000 homes in the Southern California area, and we also have been involved in commercial, industrial and multiple use developments

MR. (?) (Cont'd.)

in Southern California. We have not (inaudible) outside of Southern California. This has been over a 25-year period, and this would be our first venture outside. Our pattern of operation has been to acquire large sections of land, to have feasibility studies made, analyze traffic patterns, to master plan the property with built-in flexibility for the future, and then begin development. I think the best example that I can site you is what we've done in the Palos Verdes peninsula. We have been developing in that area for 14 years, and we have developed and built over 5,000 homes in that area, and they've ranged from below \$20,000 up to over \$60,000 homes. In fact, I have a number of brochures with me that I'd like you to just peruse through. The top one is current projects. Actually, we have on the peninsula one area of 291 lots that is being readied for construction and will be completed in . . . (inaudible) . . . and models will be underway soon, within a matter of weeks. We're also developing two other small areas, one with approximately 60 houses and another of site lots with very heavy terrain and steep slopes. This shows what can be done on very steep lots. You talk about 20% to 30%. We don't really worry about that if we can get at least a 15% grade or less, we can do that . . . (inaudible due to truck passing outside) . . . much of it has geological problems. It has terrain problems. It has soil problems. But it's a very beautiful area. We feel very close to Palos Verdes.

As I mentioned, we're not dissatisfied with developing property along a certain pattern and, as you have before you, we just continually build houses on . . . (inaudible) . . . properties that we own and we still own considerable properties on the peninsula, and we have projected over

MR. (?) (Cont'd.)

10 years before we chew up the remaining inventory of land. But to do this in a manner which would benefit the community, we re-evaluated it. We just have finished a master plan which is for what we consider to be the most potentially creative piece of property in Southern California, and I would like to show you this plan so you would have an idea of what we do. Prior to such a master plan, we have feasibility studies and traffic analyses such as this, but this will just give you an idea of who we are, what we do and how we do it. We're interested in coming over here and building. If you give us our zoning approval . . . if we get the zoning that we want, we'll be ready to get underway within 90 days and houses will start coming off the lots in units within a 6-month period. I'd like you to see that extrapolating upon what our pattern of operations have been in Southern California, we'd kind of like to extrapolate some of our concepts over here. Of course, we don't want to transplant the Mainland type of housing in a Hawaiian environment. We want to develop concepts that are consistent with the particular parcel of land that are . . . (inaudible due to truck passing) . . . so we see this piece of property as a test operation to become familiar with the area, the people . . . begin to establish some organization here and . . . (inaudible) . . . We feel that working with someone like Dr. McCoy accelerates everything, because his background and integrity . . . (inaudible) . . . But we are looking beyond this particular package. We would like to look towards acquiring larger chunks of property as we have in the past, such as in Palos Verdes. We have a long-term commitment with this area. We have all kind of fallen in love with this area after being here for 15 years. So has my family; so has members of our organization. Everyone

MR. (?) (Cont'd.)

is excited over the possibility that we would have for a closer involvement with the Kona Coast. I should say that on this land we're very anxious to establish a well-accepted model or a building that would be a credit to . . (inaudible) . . Our philosophy has always been . . . we try to develop property in a way which will have time limits. We feel that we have established such a reputation in Southern California. If you gentlemen would wish to check on us, I suggest that you contact Bank of America or the president of Title Insurance in Los Angeles. You can find out directly what our reputation is in Southern California. We feel that the keynote to our success is communication. Actually, we are a family. We encourage much group communication and as much decision making as possible within our organization but also, we try to maximize the communication with our community, the city, county and the state. This idea we would hope to transplant here.

By the way, if you have any questions at any time, please feel free to interrupt.

I'd like to talk about what our concept for this property is, but before I do that, we have a couple of aerial photos. It is much easier for us to . . (inaudible) . . I hope that you will notice the civic center, the fire station . . . there is (inaudible) high school. Everything . . . all the action seems to be in this general area, and when you start differentiating between the North Kona district and South Kona district, this is really a little bit deceiving because this is right on the boundary of the separation. I'm not quite sure what the distance is but it's not great, and it really better relates to the important areas in the South end. And also, as Dr. McCoy pointed out, there is quite a

MR. (?) (Cont'd.)

bit of urbanized land in this area. Mr. Chairman, you ask the question, why hasn't there been any development? What has happened? Well, I'll tell you what's happened. There's been speculation. People come in here and they come with a plan and they get their urban classification and then they sell it. They cast it on and it's caused a tremendous speculative fever in this area. Beyond any reasonability, there has been no action. No one has come over here and actually done a job. Now our concept . . . Let me also mention about the steepness of the slope. We feel that this is a very important asset, providing we can put a street system in with a grade of less than 15% and Jack and his staff of people have developed such a lay-out which we will present to you this afternoon. But our concept is that this property should be developed with medium density for medium-income and low-income housing. And if this could be done in a way to maximize the view and (inaudible) the grade, then we would want to have . . . this area, this 40-acre piece, practically level. The grade is really variable, as is pointed out in your report, but in this area up here, it's very developable, and we would like to put a neighborhood type of shopping center in there.

Can everyone hear? I'm not used to using a microphone.

As we pointed out, the power lines are already on the property and the water is no problem. Sewage . . . we agree with your report that it be necessary to put in a sewage treatment plant. Jack will elaborate on that. I'd also like to say that the concept that we're going to present to you this afternoon is a very flexible one. It's just one particular concept. We're (inaudible) on it, and of course you know that the eventual planning scheme would have to be worked out with the company.

MR. (?) (Cont'd.)

I should mention at this time that the County hearing was held with no notification to us so we had no opportunity at that time to present our ideas. Not only were we not informed of the hearing, but we also were not informed as to its conclusions, and it was only by a hapless chance phone call to Dr. McCoy that we found out last Saturday. And it was a shock to us. However, there are always breakdowns in communication, and we hope that if you gentlemen approve our urban classification that we could work very closely with the County to come up with a combined group of ideas as to how this property should be developed. We feel pretty good, however, about our particular concept.

Now I'd like at this time to turn over the microphone to Jack Lubelt. I should say that his company has been in existence for over 50 years. This is their 51st year. Jack is licensed in Hawaii. They engineered considerable property in Honolulu. I'll now turn the microphone over to Jack.

MR. LUBELT:

My name is Jack Lubelt. I'm president of Engineering Service Corporation, 1127 W. Washington Boulevard, Los Angeles, California. We have been engineers for . . (inaudible) . . a long time . . .

CHAIRMAN INABA:

Can you hear him in the back?

MR. LUBELT:

. . . and I can assure you that their reputation . . (inaudible) . . is not exceeded anywhere. While our experience has been primarily in the Southern California area, as a matter of professional survival, we . . (inaudible) . . for 3 years while we were planning . . (inaudible) . .

MR. LUBELT (Cont'd.)

(The same problem existed with the audibility of Mr. Lubelt's comments as with the gentleman just prior to him. The acoustics in the room could not have been adequate and the echo created by the microphone made the majority of his comments inaudible.)

I only mention that to indicate that we have demonstrated that we can adapt some of the things that we have learned on the Mainland to . . (inaudible) . . so as to fit the local problems and the local desires.

Normally, we don't start a plan until we have had several discussions, either . . (inaudible) . . Planning Commission . . (inaudible) . . Also, I have . . (inaudible) . . exceptional nature, because I know that it will be modified because of the terrain. . . (inaudible) . . details so that we can adapt our plan to the terrain because official observations indicate that while . . (inaudible) . . shows a rather uniform slope . . (inaudible) . .

Steve has indicated to us that he is interested in . . (inaudible) . . and we know from our experience in the Los Angeles area where we had to cope with . . (inaudible) . . that in order to minimize the costs of homes in the area, we have to have some different . . (inaudible) . . We know that we can achieve this if we can approach . . (inaudible) the buildings themselves will cover about 25% of the land. The other 25%, of course, would be utilized by private streets and private access to parking areas and . . (inaudible) . .

We also wanted to be certain that we are constructing the . . (inaudible) . . So I do feel that we have adopted to this plan a (inaudible) principle . . (inaudible) . . giving us 4 to 8 houses in a townhouse concept or an economy concept or whatever you want to call it. . . (inaudible)

MR. LUBELT (Cont'd.)

. . providing an access . . (inaudible) . . to the homes themselves. This map is detailed to . . (inaudible) . . I can put it on the board or would you prefer to have it on the table?

CHAIRMAN INABA:

Let's try it on the board and see if we can see it.

Why don't we take a 5 minute break and we'll come over there, then you can explain . . .

MR. LUBELT:

(Mr. Lubelt's total comments were completely inaudible for a period of approximately 5 minutes.)

MR. CHOY:

(Mr. Choy's question was also totally inaudible).

MR. (?):

Let me say this. In Los Angeles this type of construction, we feel we could handle it at approximately \$10 per square foot, but we're not sure at this point until we get detailed (inaudible) what our (inaudible) costs are . . costs of the roads, the water, sewage . . . When that's in, we will have a pretty good idea. We would certainly like to be in the \$20 to \$30. That's . . . I can't be more specific than that. Also, if we go to duplexes, naturally the units would be much cheaper.

MR. CHOY:

(Again, his question was inaudible).

MR. (?):

We'd rather . . (inaudible) . . but again, I don't want to get into any details on this. What we're trying to do is to show you our . . .

MR. (?) (Cont'd.)

now this is just one concept. We feel that if we go . . (inaudible) . . and come in with apparently low-cost units, it won't be as cheap, but it will certainly be cheaper than anything that's been built . . (inaudible) . . in the past, and Russ will explain to you how you can do this with this particular concept . . (inaudible) . . So you'll then see how . . (inaudible) . . from the building costs standpoint then . . (inaudible) . . and take care of the existing market and also the potential market.

I want to get into one little thing while we're on this. Look at this . . . we're not talking about building this up just for the immediate. We plan in a (inaudible) sense. . . . if the market is good, we can go full speed ahead. If the market is slow, we'll drag our feet. . . . (inaudible) . . . Unfortunately, we were not given much notice of this meeting and we had not too much time to prepare for it. But, we're . . . the idea is to (inaudible) the terrain and to . . . (inaudible) . . .

COMMISSIONER:

How much are those houses you spoke of?

MR. (?):

In Palos Verdes our houses range from \$46,000 to \$60,000. (Additional comments were almost totally inaudible.)

(I believe there was a speaker change at this point, but it was very difficult to tell because the voice was still inaudible. This tape seems to contain continuous static, making it extremely difficult to decipher the various individuals' comments.)

The whole thing is oriented to Hawaii living and the view of the Pacific would be certainly most enjoyable. The place where I first would

MR. (?):

like to . . (inaudible) . . we will show you this concept in a house that we would propose for this area.

ARCHITECT (?):

As . . (inaudible due to static and truck passing and echo from microphone) . . we feel that it's a real challenge to be a part of a team that is working on this project. We've been through thousands of houses and thousands of hillsides . . . uphill, downhill projects . . . and in our opinion there is no builder in Southern California that is as reputable and straightforward as (inaudible). So, with that in mind, when this project first came up, we felt how could we come here, as a Los Angeles based firm, and do a job for Kid McCoy. And a week or so after they put to Jack and I this tremendous housing need that we faced here in Southern California . . . so along with those thoughts, the terrific team and the (inaudible) organization which I was told they operated under, we put our heads together and said, let's try to do something like we're doing in Palos Verdes. . . . (inaudible) . . and we're really getting up into the high-priced range, and working people, such as people that work in the hotels here, have no opportunity to be a part of that program. So in Palos Verdes, we are now coming up with a package that has many . . (inaudible) . . so much of the work can be done after we're on the site and in factories and in some manner, try to get this house cost and these labor costs down to a point that makes sense to working people, like all of us, to live in.

I put some plans and (inaudible) up on the board, but I'd like to hand out a brochure to you gentlemen and let you peruse it. It is typical of the quality of the house, both interior and exterior, plus we have done

ARCHITECT (Cont'd.)

. . (inaudible) . . in the past 2 years in Palos Verdes. And, in fact, all projects have this simplified quality and integrity.

Now I'd like to point out the left drawing here as a typical section of what might be considered an uphill slope addition where the slope of the land can rise anywhere from a gentle hill to a very steep slope. Basically, we would have our garage built in and cut into the bank directly over the (inaudible) to reduce construction costs and reduce foundation costs; rather than going back into the bank, we propose to come in with pre-panelized, pre-fabricated type floors in this area and also in the second floor area when we go to the larger houses. Now this . . (inaudible) . . on his drawing here is distributed in houses running from 650 square feet, one bedroom, one bath, proposed all the way up to 5 bedrooms, 2 baths, possibly 2½ baths, with a (inaudible) foundation system on each house. That's one of the things that we all feel . . (inaudible) that we can achieve this type of construction and we can reduce construction costs considerably and come in with this . . (inaudible) . . This is the (inaudible) foundation system of the house, and the garage could probably be cut into the bank of the lava beds with (inaudible) concrete walls that would be . . (inaudible) . .

Now to give you an idea of downhill conditions . . . remember this is the uphill . . . we have downhill conditions which would be across the road . . (inaudible) . . the upper houses would overlook the houses across the driveway out into the ocean which is really the prime consideration on any hillside development. We have a view and we really want to keep it. That makes sales and this is what we're all working for. Now this section here indicates that we can have a floor system that again

ARCHITECT (Cont'd.)

would be pre-fabricated and the floor system dropping down here on the lower level that would contain the bedrooms and then upstairs would be the living room, the dining room and the kitchen area and the bathroom area. Now another thing that's very important in merchandising and marketing subdivision houses is this cost we've talked about. One of the primary concerns is that we can reach a mass production method just like we do in a plan to produce these houses, so it's important that we have . . . (inaudible) . . . as possible. So in this particular case, we have a major plan here; for example, on the ground floor, you would have the garage, walking up a system of stairs -- again pre-fabricated, probably out of metal with concrete (inaudible) up to an entry level, which will contain the living room. Directly above that, a half a flight up again is the garage. In this area right here, we would have a large family dining area, a kitchen, breakfast nook, probably a half bath, and then half a flight down from that, we would again construct our bedroom. Now this bedroom addition here occurs right over the living area which will save foundation costs and also, in turn, saves construction costs. So, hopefully, we're trying to make this plan as economical as possible.

If you'll notice, right to the right here we have a 3-bedroom version that fits right over this area right here -- the stairway, bathroom, the kitchen, all this would be identical in this particular house. The only change is that there would be an additional bedroom. In order to make this 3-bedroom house into a 5-bedroom, we plan that right over this area, which would be up in the upper (inaudible), we would have a large back bedroom and secondary bedroom with living room and again a master bathroom . . . (inaudible) . . . Now this distribution can't possibly be decided

ARCHITECT (Cont'd.)

at this point because that depends on the marketability and what really is best for the area and the people right here are going to tell us that. Now we indicate (inaudible) in these houses, and it's very possible that we could find . . (inaudible) . . a fireplace, not necessarily woodburning, but on hillside property it's one of the most difficult things to handle in high-rise apartment projects, but if we can do it, we'd like to see this happen here.

Now I've . . (inaudible) . . because as you can see, the terrain is different . . (inaudible) . . throughout the property so that the distance from this point on the slope (inaudible) is going to be very difficult ground. It will have to be handled with short columns, depending on where the particular columns would be, but again possibly a prefabricated beams so every house would be identical so that . . (inaudible) . . . 20 or 30 or 50 houses to start with, we'd really have a (inaudible) idea going for us on that type of production method. And I think one of the key things in our project, Mr. President . . . you asked the question that what (inaudible) was going to happen to the land if it was rezoned and I for one would like to say that if this were to happen, . . . everybody's excited about it . . . we want to see it go and there's no question but that the houses would be started . . . within 9 months to a year there would be houses coming off the production line because that's the way the thing works. You have to get them built in a hurry. You also have to get them sold in a hurry.

Now, there was also a question about why there hasn't been more housing built on sold urban land in the past. We were reading an article from the newspaper earlier and out of several thousand acres, it's apparent in

ARCHITECT (Cont'd.)

the last year that there have only been about 6,000 actually built as far as projects, and I think one of the big problems is that when a (inaudible) like you and me try to handle some of these houses, after buying the lot, if we can afford to pay cash for the lot, we end up with another problem -- money. Enough money to make this program work. Now it's very difficult for a working man with a \$15,000 to \$20,000 salary per year . . . and this is the real advantage to having a builder build the project because then all of the financing for the land and homeowner is provided in one package, and it makes it much more economical and reasonable for that particular homeowner to move into that house. For example . . . (inaudible) . . . for 50 to 51 years. I doubt if he does any individual lot surveying any more. Our firm does no individual housing any more because our fees for an individual house are so outrageous that a homeowner can't afford an architect or an engineer to design their own home. On a basis like this, the architectural costs, for example, on a . . . (inaudible) . . . where an individual home, he might be . . . (inaudible) . . . somewhere in the neighborhood of \$2,500 to \$3,500 in architectural fees. That's our acceptance fee alone; however, on a project like this, an overall architectural fee that really is charged the home buyer is maybe \$100 a house. It's very low because we're trying to amortize these costs over the project, and of course this carries through to every one of our . . . (inaudible) . . .

So with that, I'd like to give you a little bit of an idea of what we propose, what the typical 3-tier in one of these small areas might look like coming down from up above and looking out into the sea.

Can everybody see these? They're quite small and hard to see, and it might be worthwhile to maybe come up and get a close-up here and I

ARCHITECT (Cont'd.)

could explain a little bit about how these various (inaudible) work that we would have.

CHAIRMAN INABA:

We can see from here alright.

ARCHITECT:

Basically, this is looking through a corner of what would be a deck from the kitchen or family room area down into a complex where we would have carports, and this is a downhill slope indicating that we would have 3 columns with possibly roofs and architecture . . (inaudible) . . but we would like to see all of the terrain that we possibly can saved, and that includes the coffee trees in this area here because it is a beautiful sight and one of the things that makes the cluster development successful such as this is all the landscaping that is around it. So we have to start there in keeping that land that way. Then this is the 2-story idea here, over the carport on the other side. So we might have 3 or 4 or 5 of these little like driveways and then our . . (inaudible) . . and pick up into another area here. Now the architecture . . , we would like to see it remain Hawaiian and Polynesian to capture the same mood. This is very popular in Los Angeles. With some of the roof beams . . (inaudible) . . instead of a ceiling, keeping, as I said before, as much of the foliage and green area as we possibly can.

Do any of you have any questions before I . . (inaudible) . . ?

COMMISSIONER:

Yes. What is your projected cost per year?

ARCHITECT:

Let's see, I think we said earlier that this similar type project in Palos Verdes is running right around \$10 a foot. However, we are . . (inaudible) . . through these mass-producing methods and continuity at

ARCHITECT (Cont'd.)

that cost would at least be higher than that but considerably less, and we feel that it's possible . . . some of the things we've been doing in this direction . . . (inaudible) . . . I think the company is right along with us. This is the only way that we could get some of the costs down.

CHAIRMAN INABA:

Are there any other questions?

COMMISSIONER:

Yes. We all hope that we could do it for \$10 a square . . . I mean, most developers say that they can do it for \$10, and by the time they end up, it's costing about \$20. So there is a doubt there, you know, because if you can do it for \$10, man, you can sell all your houses for \$10.

ARCHITECT:

Well, as I first said, I think that \$10 per square foot is too optimistic. We were discussing this, generally speaking, and our on-site cost, which is the raw house, nothing else, cost us about \$10 per square foot. Here we would have like an . . . (inaudible) . . . We're not talking about \$20 a square foot. If you're talking about \$40 a square foot, that would include all our off-site costs -- streets, pavement, utilities, etc. We break down our costs between these two; on-site which is the cost to build our house and the off-site which is . . .

CHAIRMAN INABA:

I think the Commissioner is aware of the difference between on-site and off-site costs. What they are interested in getting at is, what would approximately a package living unit cost. I understand you've just taken a swing at this and I wouldn't blame you if you said you don't know, but . . .

ARCHITECT:

Well, we don't know, and the reason is because we don't know the

ARCHITECT (Cont'd.)

cost is because we don't know the on-site costs.

CHAIRMAN INABA:

You don't know the requirements of the County zoning either. It's an important cost consideration.

Are there any other questions?

COMMISSIONER CHOY:

How long have you been in the Islands?

ARCHITECT:

I've been coming back here for about 15 years and I . . .

COMMISSIONER CHOY:

I'm asking you now. Since you've come with the idea of developing

. . .

ARCHITECT:

Since last September.

COMMISSIONER CHOY:

You've seen by our land use drawings that there are lots of areas zoned urban.

ARCHITECT:

Yes.

COMMISSIONER CHOY:

What is your reason in going into an agricultural area and requesting a development if you want to get off the ground fast?

ARCHITECT:

Well, we feel from a feasibility standpoint that this property may be even more prime than areas outside of Kailua.

COMMISSIONER CHOY:

No, but you have 300 acres right adjoining this.

ARCHITECT:

We . . . these people are going to subdivide their property into lots, the way I understand it.

COMMISSIONER CHOY:

Have you approached them?

ARCHITECT:

Yes, I talked to . . . we talked to all the land owners . . . or I shouldn't say all; we talked to the majority of the land owners in the area between Kealakekua and Keahou. We talked to a number of people (inaudible), and we've done an extensive survey and we truly feel that this is a very prime area and, in a sense, these parcels of land are (inaudible) unto themselves whereas other property which is in the agricultural zone, excluding that center (inaudible), don't lend themselves to this type of concept. There are problems with water, power . . . and this to us is a very . . . if we can get underway, it could be a very quick project. I mean, but of course, as you mentioned, there are some items which we are studying right now . . . the shipping costs and our orientation . . . and this is why we would only take a little bite to begin with so we could pin down our costs. We're not going to come in here and start developing it if it will cost us, let's say, \$20 a square foot. In fact, I was reading an article on the plane coming over here. Bill had made some statement about housing costs. Well, it shocked me. There's no reason why a house should cost as much as the figures that he cited. Now it's true that it's expensive maybe to bring over materials, but this is going to be solved in a matter of time. In fact, I was talking in Mr. Oshida's market this morning with a representative of U. S. Plywood, and they're coming over here. A lot of people are coming over here, but the problem

ARCHITECT (Cont'd.)

has been that there hasn't been any construction. There's been a lot of planning, there's been a lot of speculation, but there hasn't been the actual job of construction. And we feel that this is in very close proximity to the Kailua-Keahou area. It's, in our opinion, more desirable; climatologically, it's in the area of 4,500 to 1,500 feet. It's cool and it's not in that humid hot area.

COMMISSIONER CHOY:

What we're trying to get at is, there is such a sizeable tract of land with just about the same terrain and there is no action on it, and we're trying to get an answer on why all this zoning and no action. Well, we'd probably give you this zoning and you'd have no action.

ARCHITECT:

I don't think so. We'll . . .

COMMISSIONER CHOY:

We're just trying to find out what the reasons are.

ARCHITECT:

I think if you came and visited our area, or if you contacted the people in our area, which I would implore you to do, you would find that this is not the way we operate. That's what I've been trying to pound home, and I know it's hard to comprehend because it just hasn't happened here. You know? I can tell you some of the reasons . . .

COMMISSIONER CHOY:

It seems as though the presentation being made so early and they not knowing the background. It's not fair to them . . . presentation has been made to us, because they don't know how many units can go into this area, actually what the (inaudible) requirements are . . .

CHAIRMAN INABA:

Yes.

COMMISSIONER CHOY:

So I don't think you're making a presentation that easily. Actually, in all fairness to yourself. Actually, that's what I'm trying to get at, that you're talking way over your head.

ARCHITECT:

Well, that may be possible. However, what I was trying to point out to you was . . . this is one concept . . .

COMMISSIONER CHOY:

Don't have 15 more days after this hearing to . . .

CHAIRMAN INABA:

Yes, they do. They can submit additional information in writing or if they want an extension of time, it's possible, too, before action is taken.

COMMISSIONER:

On your plan there . . . your multiple concept (inaudible) like development . . . you are also aware of our flooding problems when we have our flash floods, how you're going to take your water away? In other words, you're on a slope now. There's a lot of problems right around here. A lot of flooding problems. Now you have to be considering all these flood problems and these are not . . .

CHAIRMAN INABA:

Mr. McCoy, do you want to answer that?

MR. McCOY:

Yes, I would like to. I don't know . . . (inaudible) . . . there's never been any flooding in the area but they do have the . . . (inaudible) . . .

MR. McCOY (Cont'd.)

I'm sure that they could take care of any amount of water that might come into that area, but it's not . . (inaudible) . .

CHAIRMAN INABA:

Are there any other questions that the Commissioners have? Rom, is there anything that you would like to ask?

MR. DURAN:

Mr. Chairman, I think these people are to be commended on their presentation. However, there are still some ifs and buts that we're really not clear on, and I would suggest that the Commission request the (inaudible) consult with the County and then consider amending the General Plan to include their proposal, because if I understand their zoning ordinance, they're probably going to need an apartment designation on this parcel in order to reach the density of 10 units per acre; then I would suggest to them that they use the County's subdivision ordinances to arrive at some cost estimates . . . preliminary cost estimates . . . on the improvement costs and come back to this Commission with a program of development in accordance with our (inaudible) regulations, providing for this type of zoning, and then submit the complete package to this Commission, either within the next 90 days or, if necessary, ask for the appropriate extension, because I think some of the time tables they give us for construction are really presumptuous at this time, until their cost estimates are on the ground -- utilities, off-site improvements. And I'd be glad to send you copies of our proposed regulations.

CHAIRMAN INABA:

Commissioners, you've heard Rom's suggestion. I . . .

COMMISSIONER CHOY:

Mr. Chairman, I agree with him, and I think it's to your favor to be

COMMISSIONER CHOY (Cont'd.)

doing it rather than try to do it this way.

ARCHITECT:

Would you consider giving us preliminary approval to take to County . . . ?

CHAIRMAN INABA:

No. No. That's not the way it goes. But I think the suggestion that Mr. Duran has made is certainly one that would be to your advantage because you would then be able to present more factual information. I might say that this Commission has experienced presentations before. Yours is a very good one. I'd like to compliment you on it. But there are lots of pieces that are yet to be put into this package, and you wouldn't want to bring it up and ask us to vote if you felt we hadn't the whole picture. And the development of building here in the Islands is unique, as you know, and there have been presentations made that we have been impressed and have failed to fly. That's not saying yours won't fly, but I mean we have a . . . as we say here in Hawaii, we're a little kanalua because we have been burned before. So I suggest that you adopt the ideas that Mr. Duran has suggested to you and Rom, do you suggest that they request for an extension of time?

MR. DURAN:

I think that as they get into discussions with the County, they may find it necessary, but if so, if the 90-day time period runs out, I'd suggest that they just work into . . .

CHAIRMAN INABA:

Within 90 days, we must take action on your petition. The point that Mr. Duran raises is, get into the County part of it and get this piece developed, and if you find you're not finished, then ask for an extension

CHAIRMAN INABA (Cont'd.)

and we'd be happy to give it to you. And I think you . . . so there's no need to ask now, but I mean, watch your time schedule because you don't want us to take action since you're pretty well filled in as to what would happen.

ARCHITECT:

Do you meet regularly? Does this Commission meet . . .

CHAIRMAN INABA:

No. We take . . . we're obliged by the law to take action within 90 day from when this hearing takes place.

ARCHITECT:

So if we were able to work out with the County all our problems . . .

CHAIRMAN INABA:

And you were satisfied, then we would be prepared to hear you again before the action is taken. You see, you have the right to present additional information prior to action taken.

COMMISSIONER CHOY:

But not less than 45.

CHAIRMAN INABA:

Yes.

ARCHITECT:

Would we be able to have a (inaudible) with Mr. Duran to kind of keep him informed as to how we're progressing if you . . .

CHAIRMAN INABA:

Yes. Certainly. By telephone and letter, Mr. Duran is at your disposal.

COMMISSIONER:

How long does it take in your Los Angeles area, once you start getting

COMMISSIONER (Cont'd.)

your plans ready, having your City and County approve that thing . . .

how many years does it take for them to finally approve your subdivision?

ARCHITECT:

I think that . . (inaudible) . .

MR. McCOY:

Our time table . . . we try to keep out of (inaudible) way, but as you say, there are certain procedural schedules which we have to bow to as far as the County's concerned. When we submit a tentative map, and this has to be worked out in much more detail, they approve it or disapprove it or conditionally approve it within 45 days and we . . (inaudible) . . Then normally we're in . . (inaudible) . . with the planning staff so that before they actually . . (inaudible due to planes taking off) . . we know pretty well what they're going to do. We know pretty well what their staff thinks and if there is a (inaudible), we normally start (inaudible) plans before that so that we can usually have formal action when we have our grading plans well along and within 30 days after that . . (inaudible) . . About 90 days is . . (inaudible) . . I think.

COMMISSIONER:

Ninety days? You get your reply?

MR. McCOY:

(Response inaudible.)

COMMISSIONER:

I'm of the impression it takes almost 2 years, for any subdivision to . . .

MR. McCOY:

No.

CHAIRMAN INABA (Cont'd.)

anything else? Before we adjourn the meeting, our next meeting is when and where?

MR. DURAN:

Next week we'll be back in Kona.

CHAIRMAN INABA:

Here.

MR. DURAN:

Here. At 12:30 we'll . . (inaudible) . . and at 1:00 o'clock open up our . . (inaudible) . . boundaries and that meeting will be . . (inaudible) . .

CHAIRMAN INABA:

Any of the Commissioners have anything they want to report on? If not, the meeting is adjourned.

* * *