

STATE OF HAWAII  
LAND USE COMMISSION

Minutes of Meeting

*1/10/69 approved*

Molokai Community Center  
Kaunakakai, Molokai

November 29, 1968 - 1:00 p.m.

Commissioners Present: C. E. S. Burns, Jr., Chairman  
Wilbert Choi  
Shelley Mark  
Sunao Kido  
Leslie Wung  
Alexander Napier  
Shiro Nishimura  
Goro Inaba  
Keigo Murakami

Staff Present: Ramon Duran, Executive Officer  
Ah Sung Leong, Planner  
Jack Morse, Deputy Attorney General  
Jean Soma, Stenographer

Chairman Burns called for the first item on the agenda following the swearing in of persons wishing to testify before the Commission.

ACTION

PETITION BY MOLOKAI RANCH, LIMITED (A68-192) TO RECLASSIFY 6,800 ACRES FROM AGRICULTURAL TO URBAN AT KALUAKOI, MOLOKAI

Executive Officer, Mr. Duran, presented the staff recommendation to rezone 1,460 acres in the area north of Kakaako Gulch extending from the sea to the mauka boundary. (See copy of report on file.) He also presented a report from Mr. Edward Williams, partner in the firm of Eckbo, Dean, Austin & Williams, consultants for the Land Use Commission Boundary Review Program, in which Mr. Williams recommended "that the petitioner request an extension of time and the Commission agree to such extension, to give the petitioner time to prepare a more suitable development schedule and incremental zoning plan, and an economic feasibility and marketing study. Should the petitioner not request an extension of time, our recommendation is that the petition be denied, and the petitioner be asked to resubmit his proposal later".

November 29, 1968

Following the presentation of the staff recommendation, Mr. Duran pointed out on the district map the property under consideration, the surrounding areas, and also the portion of land for which the staff recommended rezoning.

Chairman Burns wondered what the developer's responsibilities were in terms of supplying water to the subject area. Mr. Duran replied that the developer agreed to provide the water source and transmission lines and that in the future they hope to work out an agreement with the State whereby they could jointly provide additional water facilities that will be beneficial to the State and to the development project. This matter was discussed at the September 13, 1968, public hearing and in the October, 1967, Molokai Ranch Development Plans; but no mention was made of this in the 1968 report submitted by the petitioners.

Mr. Duran further informed Chairman Burns that the staff is still of the opinion that it is impossible to meet the time schedule that has been submitted by the applicants in their 1968 report. Furthermore, the applicants would be required to build more than one dwelling unit per day for 10 years and approximately two resort units per day. Such a development timetable has never taken place in the State of Hawaii. However, the staff still believes that the proposed project is a good one and should be permitted to proceed. The Land Use Regulations adopted by the Land Use Commission provides that lands be rezoned for 10-year periods of growth. Thus, it is unrealistic to rezone approximately 4,000 acres out of the total 6,800 acres that are proposed to be developed. (See copy of report on file.)

In response to Commissioner Nishimura's inquiry as to the significance of the proposed construction of 250 hotel rooms during the 12-year period from 1968-1980, Mr. Duran advised that this was anticipated in the petitioners' 1967 report projection. The new projection is that they propose to build 4,505 hotel rooms in this same period of time. Subsequently, there is a significant difference between the petitioners' 1967 and 1968 development plans.

Commissioner Napier assumed that the petitioners will be required to build approximately two rooms a day. Mr. Duran then stated that a 100-room hotel would have to be built approximately every three months.

Mr. Duran advised Commissioner Kido that he was correct in his understanding of the matter that as far as the staff is concerned, they are recommending rezoning 1,460 acres above

Kakaako Gulch for urban purposes. Furthermore, the consultants recognize the validity of the proposed residential-resort community; and they have suggested several alternatives in their letter report.

Mr. Duran agreed with Commissioner Murakami's concept that the amount of land the petitioners need is related to economic feasibility. Nevertheless, the petitioners have not submitted any economic study to the Commission at this time. Commissioner Murakami then disclosed his belief that perhaps the request for the rezoning of 6,800 acres of agricultural land is the acreage the petitioners need to get started on their proposed development. Mr. Duran remarked that Mililani Town started their development project with only 700 acres of land out of a total ownership of 3,000 acres. Also, Mililani Town could not have developed 3,000 acres in 10 years; and they are one of the biggest developers in the State. He then cited, as an example, that Mr. Henry Kaiser, with leasehold rights on approximately 3,000-4,000 acres of developable land on Bishop Estate property, has at the present time developed only 2,000 homes in a 10-year period. Accordingly, there does not seem to be any substantial basis to justify the rezoning of the total 6,800 acres requested by the petitioners at this time.

When questioned about his opinion as to whether or not development has been more intense during the past 1½ years as compared to the last 7 years, Mr. Duran commented that although he did not have the actual figures, it was his opinion that during the past year the State of Hawaii has not experienced enough development to equal what has transpired in the past 7 years. In addition, the Land Use Commission is mandated to undertake a boundary review program every 5 years; and there is no reason why if the petitioners double the development that they anticipate that the Commission couldn't provide more land. It is only logical that the Commission grant the rezoning of enough land for the petitioners to get an incremental start on their proposed development since nowhere in the State have we ever experienced the development of 6,000 acres in 10 years.

Mr. Harrison Cooke, President of Molokai Ranch, Limited, came forth with the statement that as far as the 6,800 acres of land situated on the West End of Molokai are concerned, it is the "absolute ultimate" of what the petitioners desire. The granting of even half of the requested acreage would enable the petitioners to reveal to Louisiana Land and Exploration Company of New Orleans, Louisiana, that the first step has been taken to undertake the proposed development. Mr. Cooke then submitted

November 29, 1968

that should the Commission decide to grant only half the acreage that is being requested, the petitioners would be pleased with the rezoning of the area from the ocean to Kaiaka Hill, following Papohaku Gulch, rather than the portion just north of Kakaako Gulch as recommended by staff. In support of this statement, Mr. Cooke testified that they will need sufficient area to incorporate all of the developments they have proposed.

In reply to Commissioner Napier's inquiry, Mr. Cooke stated that this area encompasses approximately 3,400 acres.

Vice-Chairman Choi suggested that perhaps the rezoning of Papohaku Gulch and following a straight line across the property under consideration would allow the petitioners a better chance for developing a more feasible development. Mr. Cooke agreed and added that this would encompass approximately 2,000 acres south to Kaiaka Gulch.

Commissioner Napier expressed his concern that the rezoning of this land area would result in a lot of open space. Mr. Cooke informed him that nearly 1,500 acres would be left in open space.

Mr. Edmund J. Watson, Vice-President and Chief Engineer of Belt, Collins, and Associates, informed Commissioner Mark that the development program is based on the assumption of an initial increment of 1,200-1,500 hotel rooms. Mr. Watson pointed out that throughout their correspondence to the Land Use Commission they have stated that their position was they were studying the probability of an accelerated program and that the number of hotel rooms in the 1967 and 1968 reports are quite irrelevant. The petitioners will immediately need two golf courses in the event that they build 1,200-1,500 hotel rooms to accommodate this type of resort and that the experience at Kaanapali, Maui, would support this fact. The 6,800 acres is needed to get into the development program. This concept actually involves the separation of the function of the service area and the town center from the prime resort area. Mr. Watson further stated that in their correspondence of October 28, 1968, they did not disclose that the petitioners would complete the construction in the area under question during a 10-year period but rather they would be committed to this construction and that they were not of the intention of completing the construction of houses during this same period of time.

Mr. Watson then advised the Commission that according to the standards Dr. Hitch has established in his "South Kohala Coast Report" for employee generation of the 1,200-1,500 hotel rooms,

November 29, 1968

there is a very significant amount of employees; and those employees must be housed on the site. The generation of working individuals for this area is in the magnitude of 1.7 persons per hotel room.

Mr. Cooke agreed with Mr. Watson that the Papohaku Gulch line would be a suitable boundary line on the presumption that the developers will still be permitted to build a golf course.

Commissioner Murakami moved that the Commission grant the petitioners' request for Urban Districting from Papohaku Gulch to the south of Kaiaka Hill, which encompasses 3,305 acres of the area requested as the first increment for the future development of the Kaluakoi Resort Community. The motion was seconded by Commissioner Napier and was unanimously carried.

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PETITION BY BOISE CASCADE HOME AND LAND CORPORATION (A68-194) TO RECLASSIFY 549 ACRES FROM CONSERVATION TO URBAN AND 5,300 ACRES FROM AGRICULTURE TO URBAN AT ANAEHOOMALU AND WAIKOLOA, SOUTH KOHALA, HAWAII

A detailed account of the property in question and also of the surrounding areas was presented by Mr. Duran. The staff maintained its recommendation documented in the original staff report that the applicants have not proven "need" for over 5,000 acres for residential development and, therefore, the petition be denied. Mr. Duran then delivered a portion of the letter report submitted by Eckbo, Dean, Austin and Williams, consultants for the Land Use Commission's Boundary Review Program, in which they concurred with the staff recommendation regarding the denial of the 550-acre portion due to the fact that uses desired are permitted by Regulation #4 of the Department of Land and Natural Resources and therefore a rezoning is not necessary. The consultants also recommended that the rezoning of 5,300 acres from agriculture to urban be denied because the Land Use Law was designed to curb the type of plan the petitioners propose for a land subdivision and lot sales program.

Mr. Duran further commented that the consultants attempted to point out that the exhibits submitted by the petitioners in support of their petition, which were circulated to the Commissioners at the meeting, are examples of the type of developments which were mentioned and are occurring on the Island of Hawaii at present. In addition, some of the exhibits are duplications of advertisements by Boise Cascade which tend to indicate that their proposed development is more of the lot

November 29, 1968

sales development type rather than an actual development program. Mr. Duran was of the opinion that with the State's program for implementing development on the North Kona Coast and the South Kohala Coast that Anaehoomalu Bay is an ideal location for resort development and it could well be accomplished. This accomplishment could prove to be an asset to the State of Hawaii provided it is controlled at the state government level by the Department of Land and Natural Resources. If the subject area is rezoned urban, then it will become the County of Hawaii's responsibility; and the State will lose control over guiding the development of the resort area.

In reply to Chairman Burns' question, Mr. Duran reported that the utilities, installation of roads, power lines, and water, etc., would be the responsibility of the developer. It is their proposal that because it is a private development, police protection will not be necessary except in the case of a major crime whereby the County will have to take any necessary action.

Commissioner Kido directed his statement to Commissioner Mark stating that he did not feel the petitioners should seek the additional avenue in confronting the Land Board for a Special Permit.

Vice-Chairman Choi was of the opinion that the consultants in their report recommendation were pointing out that the rezoning of a large land area will create similar conditions as experienced by the Puna and Volcano area and that this rezoning request is a case of possible land speculation. Commissioner Wung tended to agree with Vice-Chairman Choi that by rezoning a very large parcel of land, land speculation could be the prime motivation rather than land development itself. Also, in reference to the Puna and Volcano area, Vice-Chairman Choi commented that there are 60,000-75,000 vacant lots in the aforementioned areas.

Mr. Edward Williams related his understanding of the State Land Use Law in that its major objective is to protect land resources. Furthermore, there is a tremendous amount of valuable land on the Kona-Kawaihae Coast. The petitioners have not introduced any new evidence that the land for which they are requesting a boundary change will be developed. In this respect, Mr. Williams alleged that the State of Hawaii discourages the subdivision and sale of land for land speculation purposes.

November 29, 1968

Concerning the relevancy in the so called 60,000-75,000 acres in the Puna-Volcano area, Commissioner Kido queried Mr. Williams as to its application in the Kona-Kawaihae area. Mr. Williams responded by saying that although the development methods are the same, the land area is entirely different. It was Mr. Williams' contention that with the availability of speculative capital in varying amounts, the State of Hawaii is in grave danger of being subdivided into subdivisions and lot sale programs.

Commissioner Murakami then questioned Mr. Williams if he realized that the State is going to spend several million dollars for a highway and airport in the "Gold Coast" area. Mr. Williams announced that he was aware of the State's proposal and that he believed that the area does possess a selling potential but that the petitioners have not shown that people will build there.

With respect to whether or not the proposed development with approximately 6,500 lots is of an aesthetical and speculative nature, Mr. Williams felt that Boise Cascade Home and Land Corporation and United States Land and Exploration Company can undertake a good planning job. However, their experience has been in the proximity of heavily urbanized centers in the United States. For example, their Lake of the Woods project is in a market area of 5 million people.

It was Commissioner Wung's concensus that urban development should be developed around centers of employment and that this is the crux of the matter in the Puna District. When Commissioner Wung mentioned that the houselots can be and will be developed because the proposed resort area will need employees, Mr. Duran reminded him that the 6,500 lots will not be used for employee housing.

Commissioner Inaba reported that the County of Hawaii revised its General Plan to meet the demands for proposed and future developments of such firms as Boise Cascade and that the Hawaii County Planning Commission is fully aware of the developments that are taking place. As a state body, the Land Use Commission should take into consideration the Hawaii County's thinking in making their decisions. Chairman Burns added that the County has had experience in the past and is better able now to cope with this type of predicament. Commissioner Inaba agreed with Chairman Burns and stated that the County's zoning ordinances are very rigid now and therefore the county is in a better position to cope with this type of problem.

November 29, 1968

When questioned by the Executive Officer as to whether or not the Hawaii County will continue to amend its County General Plan as each development along the "Gold Coast" is underway, Commissioner Inaba replied that they will have to in order to accommodate future developments on the coastline. Mr. Duran then asked Commissioner Inaba whether the need can be justified for all of these developments up and down the coastline. Commissioner Inaba felt that with all of the proposed developments and with the State Capital Improvements Program, which the State is instituting into the area, the need can be justified.

Mr. Duran pointed out that the State has assisted Rockefeller's development in providing some facilities. However, they still have several thousand acres to rezone into the Urban District. Rockefeller and Boise Cascade are in the same situation in that their lands are similar in nature. In addition, on the assumption that Rockefeller further develops the land, the Land Use Commission will continue to grant them rezoning of their land on the basis that they show need for additional urban land. Mr. Duran wondered whether the need for further rezoning of land can be justified as developments continue to occur between Kailua-Kona and Kawaihae. Also, he felt that the Commission would be acting contrary to its rules and regulations if it permitted anyone who wants to develop land on the "Gold Coast" to do so because it is good for the economy of the State of Hawaii. Mr. Duran agreed that the potential for resort development along this coastline is excellent and that the Commission should continue to consider these applications favorably as long as there are amenities in the area. However, he cautioned that if these same petitioners will be requesting that thousands of acres of back-up lands for residential communities also be rezoned, then such requests cannot possibly be justified.

Commissioner Nishimura commented that the ratio of hotel rooms on the neighbor islands, i.e., Hawaii as compared to Waikiki is approximately 1 to 10--2,000 to 20,000. It is on this basis, then, that resort areas as proposed for the "Gold Coast" are needed. Subsequently, with the new resort areas, back-up lands will be the resultant factor which cannot be avoided.

Mr. Williams stated that the 31,000 acres optioned by the petitioners in the "Gold Coast" area are bigger than the City and County of San Francisco, California.

Mr. Robert Pummill, General Manager, United States Land and Exploration Company, Hawaii Division, in support of the boundary



November 29, 1968

change testified that a misconception on the part of the Commission was that Boise Cascade's proposed development is similar to what has transpired in the Puna District. Basically, the method in which the Puna Subdivision developed is the buyer purchased the land sale deal at the least expensive price at which he could obtain it and with the greatest potential for appreciation. People who have purchased lots in the Puna District did not even see the land but made a down payment of approximately \$10 and paid \$10 a month. Fundamentally, the petitioners' development is not geared to be a speculative lot sale program. If the petitioners desired to spin this off as a lot sale deal, Mr. Pummill stated that before confronting the Land Use Commission, they could have divided the land into five-acre parcels under the present county ordinance and sold it off without any trouble whatsoever without making any improvements other than what was absolutely necessary. What the petitioners are attempting to do is to construct a resort-hotel development on Hawaii's "Gold Coast", which is land development in the recreation-oriented field, and fit this into the growth that is going to occur on the coast.

The 6,500-lot figure was arrived at in order to balance the development with the amenities that will be available for the occupants of these lots. There will be 10,000 acres of open space in the subject area that will remain as such.

The staff brought out the fact that if water is available to the site, the area should be used for agricultural purposes. Mr. Pummill declared that the developers could not build a water transmission plant from water that is located 2,600 feet high in order to irrigate pasture land. Besides, it would not be economically feasible. Sometime in the future when water from the Kohala Mountains can be brought down to the area presently in open space, this land will be opened up for decent agricultural purposes. This area has a minimal soil coverage and is far too stony for machine tillability to be suitable for agricultural pursuits.

The question of the distance from the proposed urban developments to the resort destination and to Mauna Kea Hotel was raised by Vice-Chairman Choi. Mr. Pummill corresponded that it is about six miles in distance or approximately equi-distant. This particular area was chosen because of the good soil, good temperature range, and decent rainfall in order to support the landscaping and vegetation intended for this area.

November 29, 1968

Mr. Pummill submitted that on the 5,000 acres, a 4½ year sales program is the present projection for that area. The 6,500 lots are needed to make the development workable so that all of the amenities are used. Mr. Pummill further requested the Commission to consider the rezoning of 549 acres from the Conservation District to the Urban District and 5,300 acres from the Agricultural District to the Urban District as a total program. The petitioners will be willing to work with less acreage on the basis of a 5-year program. Therefore, in answer to Chairman Burns' inquiry, Mr. Pummill said that 2,000 acres in the mauka section will be sufficient should the Commission decide to grant only a portion of the rezoning request. Also, 500 acres in the southern portion on the resort development of the total project would be sufficient.

Commissioner Mark then posed the question of how many hotels the petitioners are contemplating in the resort area. Mr. Pummill reported that the resort area will take shape in the Kahapapa and Kuualii Fish Pond areas that are located on the property. None of the hotels will be constructed on the beach. This area will be divided into five hotel segments on a total land area of 75 acres which will house low-rise hotels with 3,000 hotel rooms with a lot of space throughout. The entire prediction and project is based on 3,000 rental units.

Four companies that the petitioners are presently working with and which have an interest in the matter are:

1. Hilton,
2. Holiday Inns of America,
3. Holiday Isles, and
4. Pan American World Airways.

Mr. Pummill was uncertain as to whether or not the southern portion of the 5,300 acres would remain in agriculture due to the fact that it is in Aa lava and that the petitioners do not intend to do anything with this area at present. The future development of this area will depend largely upon the amount of need for lands in that area.

Questioned if a connecting road will be constructed in the event the resort development area is urbanized, Mr. Pummill answered that an access road from the Mamalahoa Highway all the way into the resort area will be constructed.

November 29, 1958

In response to Commissioner Napier's question as to whether or not a motion would be in order that the area granted could be worked out between the staff and the petitioners, Chairman Burns informed him that a more definitive motion concerning the acreage would be entertained. Chairman Burns asked if this would result in scatterization. Mr. Duran then advised that hopefully it will be only one area and that the applicants would have to have some idea as to the area they desire. Mr. Pummill then indicated that rather than having a contiguous area, there are areas where the petitioners would want them to remain open because there will be a better flow of the green belt system.

Mr. Pummill informed Commissioner Wung that the 500 acres for a resort development located in the beach area are not included in the 2,000 acres. The 2,000 acres are needed for the following reasons:

1. employee housing,
2. individuals who will locate themselves in this area simply because the area is open, and
3. second-home market.

Commissioner Murakami advised the Commission that discussion end and the matter be voted on as he had to leave to board an airplane to Honolulu to visit his doctor.

Commissioner Mark then moved that the Commission grant the rezoning of 549 acres of the subject area presently situated at Anaehoomalu Bay from the Conservation District to the Urban District for purposes of resort-hotel and residential development. Motion was seconded by Vice-Chairman Choi and was unanimously carried.

The chair then entertained a motion for the rezoning of 5,300 acres from Agricultural to Urban at which time Commissioner Inaba moved that the Commission approve the rezoning of 2,000 acres of the mauka area and that the area be affixed by the petitioners and staff. Motion was seconded by Commissioner Wung. At this time Jack Morse, Deputy Attorney General, notified the Commission that the motion was not in order and that a more definitive motion was necessary.

Commissioner Inaba then amended his motion by moving that the Commission grant approval of the area as outlined on the map by staff. (Refer to Land Use Commission district map in files.) Motion was carried with Commissioner Mark casting the only dissenting vote.

November 29, 1960

PETITION BY LILLIAN T. GOO (A68-193) TO RECLASSIFY 8.68 ACRES  
FROM AGRICULTURAL TO URBAN AT KUKUAU, SOUTH HILO, HAWAII

With the aid of several maps, the Executive Officer delivered a detailed description of the property under discussion and also of the immediately surrounding areas. Since no further evidence had been received on this matter, the staff again recommended approval of this rezoning petition.

The petitioner was not present to submit any further testimony; and, therefore, Commissioner Wung moved to accept staff recommendation. Motion was seconded by Commissioner Nishimura and was unanimously carried.

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PETITION BY JAMES SPENCER ESTATE (A68-195) TO RECLASSIFY 133,655  
SQ. FT. FROM AGRICULTURAL TO URBAN AT WAIMEA, SOUTH KOHALA, HAWAII

Staff memo was presented by Mr. Leong in which the staff recommended approval of this boundary amendment.

Commissioner Inaba moved that the Commission grant approval of this request which was seconded by Commissioner Wung. Motion was unanimously carried.

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APPLICATION BY GEORGE AND MARY PINHO (SP68-59) TO CONSTRUCT  
SECOND DWELLING ON A 0.97-ACRE PARCEL IN THE RURAL DISTRICT, AT  
HANA, MAUI

Preceding the presentation of the district map of the Hana area, Mr. Duran addressed the Commission with the staff report. On the basis that this request is contrary to the objectives sought to be established by the Land Use Law and Regulations and because the desired use will not make the highest and best use of the land involved for the public welfare, staff recommended denial of this petition.

Mr. Duran brought out the fact that a similar Special Permit request had been denied earlier this year. In that case, the property lacked 1,162 sq. ft. of being a full acre. A legal opinion from the Attorney General's office stating that the law requires  $\frac{1}{2}$  acre per dwelling unit was received by the Land Use Commission. In comparison, the property under discussion lacks only 0.1 acre of being a full acre.

It was brought out by Vice-Chairman Choi that on the county level, a landowner is allowed a margin of approximately 3-5%. He further inquired whether this holds true on the state level. Mr. Duran explained that the Zoning Board of Appeals on Oahu has a policy of approving such cases on a percentage basis. However, in the other counties, it is based upon the merits of the case. Moreover, the Commission is without latitude or authority to pass judgment on a similar case.

Motion to accept staff recommendation to deny this request was made by Commissioner Napier, seconded by Commissioner Nishimura. Motion was carried with Commissioner Wung casting the only dissenting vote.

The suggestion that the petitioner should be sent a copy of the Attorney General's legal opinion regarding the requirement of  $\frac{1}{2}$  acre per dwelling unit in a Rural District (legal opinion received by staff from AG's office on Moniz application) was made by Mr. Duran.

#### ADOPTION OF MINUTES

Minutes of September 13, 1968, and October 18, 1968, meetings were approved as circulated.

#### TENTATIVE SCHEDULE

December 20, 1968, on Kauai was decided on as the next meeting date instead of January 3, 1969.

#### ADJOURNMENT

Since there was no further business, the meeting was adjourned at 3:20 p.m.