BEFORE THE LAND USE COMMISSION OF THE STATE OF HAWAII

In the Matter of the Petition of HALEAKALA RANCH COMPANY

To Amend the Agricultural Land Use District Boundary to Reclassify
Approximately 189.7 Acres, Tax Map

Key 2-2-02: Portion of Parcel 42

at Kihei, Island and County of Maui,

State of Hawaii, into the Urban Land)

Use District

DOCKET NO. A82-536

DECISION AND ORDER

OF THE STATE OF HAWAII

In the Matter of the Petition of HALEAKALA RANCH COMPANY

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Use District Boundary to Reclassify
Approximately 189.7 Acres, Tax Map
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FINDINGS OF FACT, CONCLUSIONS OF LAW, DECISION AND ORDER

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The above-captioned land use boundary amendment proceeding was initiated by the petition of Haleakala Ranch Company, pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure of the Land Use Commission, State of Hawaii, to amend the Land Use District Boundary of certain lands consisting of approximately 189.7 acres (hereinafter, the "subject property") situated at Waiohuli-Keokea, Kihei, Island of Maui, State of Hawaii, from the Agricultural District to the Urban District. The Land Use Commission, having heard the testimony and examined the evidence presented on the matter during the hearing held on January 26 and 27, 1983 in Wailuku, Maui, and having considered the full record in this Docket, hereby makes the following findings of fact and conclusions of law.

FINDINGS OF FACT

PROCEDURAL MATTERS

1. Haleakala Ranch Company (hereinafter, "Petitioner") filed its petition on August 11, 1982 to amend the Land Use District Boundaries and reclassify the subject property from the Agricultural District into the Urban District.

- 2. The Petitioner holds fee simple title to the subject property.
- 3. The Land Use Commission (hereinafter, the "Commission") held a public hearing on the petition on January 26 and 27, 1983 at Wailuku, Maui, pursuant to a notice published in the Maui News and the Honolulu Advertiser on December 10, 1982.
- 4. Pursuant to Section 205-4(e)(1), Hawaii Revised Statutes, the Maui County Planning Department (MCPD) and the State Department of Planning and Economic Development (DPED) appear as parties to the proceeding. As there were no petitions for intervention, no additional parties were admitted.
- 5. Mr. John Bose, II testified on behalf of the Conservation Committee of the Sierra Club (Maui Group, Hawaii Chapter). Mr. William Maschal also testified as a public witness.

DESCRIPTION OF THE SUBJECT PROPERTY

- 6. The subject property consists of approximately 189.7 acres, identified by Second District Tax Map Key 2-2-02: Portion of 42.
- 7. The subject property is located at Waiohuli-Keokea, in Kihei on the Island of Maui, extending from 2 to 4 miles south of the intersection of the Mokulele and Piilani Highways, on the makai side of the Piilani Highway.
- 8. Kaonoulu Ranch lands adjoin the subject property to the north, the Piilani Highway is adjacent to the east (mauka), Kanakonui Road and the Kihei Farm Subdivision are to the south, and the Waiohuli-Keokea Beach Homestead lots are to the west (makai).
- 9. The subject property is divided into three sections: the Kihei School site at Lipoa Street separates the northern section of approximately 115.8 acres from the middle section of approximately 67.8 acres, and the roadway leading to the County's Kihei sewage treatment plantseparates the middle section from

the southern section of approximately 6.1 acres. The subject property is illustrated in Exhibit "A" attached hereto and by reference incorporated herein.

- 10. The subject property ranges in elevation from 20 to 60 feet above mean sea level, with slopes between 2% and 7%.
- 11. The U.S. Department of Agriculture's Soil Conservation Service (SCS) has determined that the soils on the subject property consist of Alae sand loam (AaB), Pulehu clay loam (PsA), Puuone sand (PZUE), and Waiakoa extremely stoney silty clay loam (WIDZ). In general, these soils are characterized by medium to rapid permeability, slow to moderate runoff, and severe erosion hazard when cleared of vegetation. Their capabilities for agricultural use are limited by the shallow depth and stoniness, and due to the dry climate and lack of available irrigation water in the area. The soils are suitable for urban development.
- 12. The subject property currently exists as unimproved pasture land with scrub grasses and keawe as the dominant vegetation.
- 13. The subject property was formerly used for limited grazing of cattle until 1979, when it was physically separated from the bulk of Petitioners' grazing land by the construction of the Piilani Highway. The Petitioner states that grazing cattle on the subject property has become uneconomical.
- 14. The annual average air temperature in the vicinity of the subject property is 75 degrees Fahrenheit. Tradewinds from the northeast prevail about 80% of the time, annual rainfall averages 10 inches.
- 15. The Federal Insurance Administration classifies the subject property as an area of minimal flooding of Zone C designation in its Flood Insurance Study for Maui. However, a southern portion of the subject property is within the 100-year flood plain of the Keokea Stream.
- 16. The subject property is not within an area subject to tsunami inundation.

PROPOSAL FOR DEVELOPMENT

- 17. The Petitioner intends to develop a planned residential project with support facilities and amenities on the 189.7 acres of land that comprise the subject property.

 The development will consist of approximately 107 acres for single family residential, 36 acres for multi-family residential, 15 acres for neighborhood commercial, 15 acres for a park, and 16.7 acres for a landscape buffer and open space.
- 18. The proposed land uses are based upon the recommended number of units for Project District No. 2 (750 units) as stated in the proposed Maui County Kihei-Makena Community Plan and approximately six acres (35 units) located south and adjacent to Project District No. 2.
- 19. The following is a comparison of the land use allocations between the proposed Community Plan and the proposed development under the subject petition.

	Community Plan	Proposed Development
Residential Uses	143 acres	143 acres
Neighborhood Commercial	10 acres	15 acres
Parks	15 acres	15 acres
Landscape Buffer, Open Space	22 acres	16.7 acres
	190 acres	189.7 acres

20. The residential component of the development will consist of 785 units to be developed over a 10-year period. The development will consist of 425 single family units with an overall density of approximately four (4) units per acre. The remaining 360 multi-family units will have an average density of 10 to 12 units per acre and will include townhouses, cluster and patio houses. The single family units will be located at the northern and southern ends of the proposed development while the multi-family units will be centrally located near Kihei School and the proposed commercial and park sites.

- 21. The proposed commercial center of the development will be located on the north side of East Lipoa Street to be constructed in two phases over a 10-year period. The proposed center will have neighborhood oriented commercial uses to service the surrounding residential community such as barber and beauty shops; bakeries, book, stationary or gift stores; candy stores; delicatessen stores; drug stores; florist shops; grocery stores and meat markets; ice cream or snack counters; laundromats; liquor stores; gasoline and service stations; and other similar neighborhood oriented retail businesses or service establishments.
- 22. A 15-acre site on the south side of Kihei School will be dedicated to the County for a park. The Petitioner states "that the park would be developed by the County and is large enough to accommodate District Park type facilities."

 In addition, the development may include a pedestrian-bicycle pathway along the utility easement on the makai edge of the property that would link the residential areas with the commercial, school, and park sites.
- 23. In an effort to provide low income housing and in coordination with the urbanization of the subject property, the Petitioner will dedicate to the County of Maui approximately 20 acres of land in an area designated for residential use in the proposed Kihei-Makena Community Plan which is mauka of Piilani Highway on the Kahului side of the Kihei Heights Subdivision.
- 24. Access to the Piilani Highway from the subject property will be limited to four (4) intersections: Welakahao Road, East Lipoa Street, Waipuilani Road, and a future access between Kulanihakoi Road and Waipuilani Streatm. Access to Kihei Road will also be provided through each of those roadways.
- 25. The Petitioner estimates that development costs will total as much as \$29.9 million, which includes on and off site infrastructural improvements. These costs are detailed

below:

Off-Site

Roads (Collector) Water Drainage Sewer	\$ 512,000 2,760,000 600,000 500,000 \$ 4,372,000
<u>On-Site</u>	
Single Family Multi-Family Commercial	\$16,050,000 7,200,000 2,250,000
TOTAL	\$29,872,000

- 26. The Petitioner estimates that the single family house lots can be marketed at approximately \$105,000 per unit and the multi-family units at approximately \$65,000 per unit. The commercial space would be leased at between \$1.25 and \$1.50 a square foot.
- 27. Once all governmental approvals are obtained it will take approximately ten years to complete the proposed development. The major portion of the on-site and off-site improvements will be constructed during the initial five-year development period. The development schedule indicates that between 1985-1990, 10 acres of commercial property will be developed along with the construction of the infrastructure for all the single family residential units and half of the multi-family units. Between 1990-1995 the remaining 5 acres of commercial and the multi-family units will be developed.
- 28. The Petitioner will be the master developer of the proposed project. The Petitioner has the financial capacity and business acumen to undertake and complete the proposed developments.

STATE AND COUNTY PLANS AND PROGRAMS

- 29. The subject property is situated within the State Land Use Agricultural District as reflected on Land Use District Boundary Map M-8 (Puu O Kali).
- 30. The area north of Kihei School corresponding to the Soil Conservation Service's AaB and PsA soil types is classified as prime agricultural land under the Agricultural Lands of Importance to the State of Hawaii (ALISH) system of the State Department of Agriculture. The remainder of the subject property is not classified under this system.
- 31. The Land Study Bureau's Overall Productivity Rating for the subject property is "E" based on a scale of "A" to "E" with "A" being the most productive.
- 32. The subject property is presently designated as open space, public/quasi-public use, park use, and a small portion residential use under the existing Amended Kihei General Plan Map adopted on December 5, 1975. However, during the Citizen Participation Program of the Community Plan Study, the Kihei-Makena Citizens Advisory Committee reviewed the proposed project and voted to recommend that the subject site be redesignated to Project District No. 2 (184 acres) and single family residential use (6.0 acres). The Maui Planning Commission subsequently voted to concur with the Committee's recommendation. The proposed Kihei-Makena Community Plan is currently with the County Council for review and final adoption.
- 33. The current County zoning for the subject property is Agriculture. If approval is granted for the District Boundary Amendment and the proposed Kihei-Makena Community Plan, the Petitioner will then be required to obtain a Change in Zoning, Special Management Area (SMA) Permit, and Subdivision Approval.

NEED FOR GROWTH AND DEVELOPMENT

34. The Kihei-Makena area has experienced rapid

population growth from 1,643 residents in 1970 to 7,262 residents in 1980 representing an increase of nearly 350 percent. The Petitioner estimates that while 11.5 percent of Maui Island's population currently resides in the market area the percentage is expected to approach 20 percent by the year 2000.

<u>Year</u>	Market Area Population	% of Maui Island
1980	7,262	11.5
1985	10,600	14
1990	14,100	16
1995	18,200	18
2000	22,900	20

- Hastings, Martin, Chew and Associates, Ltd. estimates that by the year 1995 there will be a projected total demand for 6,600 units consisting of 2,640 single family residential units and 3,960 multi-family residential units. Furthermore, during 1980 there was a total demand for 3,300 units consisting of 1,480 single family units and 1,820 multi-family units. Therefore, it is estimated that by the year 1995 an additional 1,160 single family units and 2,140 multi-family units will be needed to meet the projected demand for housing in the Kihei area.
- 36. According to the market study, it is anticipated that there will be a net demand for 570 single family residential units in the Kihei area during the year 1990 which is the projected completion date of the proposed single family subdivision. The proposed development will consist of 425 single family units which will satisfy a portion of the projected demand for single family residential units during this period.
- 37. The market study also indicates that an additional 1,780 multi-family residential units will be completed by other developers by the year 1984. Therefore, by the year 1995 it is anticipated that approximately 360 multi-family residential units will be needed to meet the projected demand. It is anticipated

that the proposed 360 unit multi-family development will satisfy the anticipated demand in 1995.

- 38. The median income for Maui County in 1983 was approximately \$28,000 and the median income for the Kihei/Makena area is slightly higher than the County.
- 39. The Petitioner's market analyst assumed that the median income for the Kihei/Makena area was \$29,000 and projected that gap group housing was 20 percent of median income, that is, 20 percent below median and 20 percent above median. Applying these assumptions, gap group income would fall slightly below \$25,000 with the upper limit at approximately \$35,000. Relating the same to housing prices, Petitioner's market analyst provided a range of \$87,500 to \$122,500 as the gap group target and as the target market for the Petitioner to capture.
- 40. The Petitioner estimated that an average single family unit to be developed within the petition area would have an average price of approximately \$105,000. Petitioner assumed a \$7.00 per square foot land cost and a \$55.00 per square foot construction cost with an average unit size of 900 square feet. Similarly, Petitioner projected an average price for a multifamily unit at \$65,000. Based upon these prices, the units projected within the petition area would be affordable to the Maui market.
- 41. According to the Petitioner's estimate, all of the single family units in the Haleakala Ranch properties would be absorbed by the year 1991 and all of the multi family units would be absorbed by approximately 1995.
- 42. The Petitioner has calculated the demand for commercial/retail space based on revised 1980 U.S. Census data and the technical report prepared for the Kihei-Makena Community Plan. The results show a demand for a total of 1,036,000 square feet of commercial/retail space in Kihei-Makena by the year 2000, whereas the 130,000 square feet proposed to be developed on 15

acres of the subject property will increase the existing and proposed supply in the area to only 690,000 square feet.

IMPACTS UPON RESOURCES OF THE AREA

Agricultural Resources

43. The State Department of Agriculture states that urbanization of the subject property will have no significant adverse effects upon the agricultural resources of the area due to its relatively marginal agricultural productive potential and its isolation from the Petitioner's larger pasture areas mauka of the Piilani Highway.

Air Quality and Noise

44. The air quality and noise levels in the vicinity of the subject property will be degraded during the construction period. Any adverse impacts will be localized and temporary, and will be minimized by mitigation measures.

Coastal Resources

45. The Department of Land and Natural Resources (DLNR) states a concern about the potential impact from sediment runoff and sewage contaminants upon the recreational and marine resources along the shoreline makai of the subject property. Controls and mitigative measures can be required by the County of Maui as part of the SMA and Project District approval processes to assure that the proposed developments cause no adverse impacts upon the coastal zone.

Historical and Archaeological Resources

- 46. The DLNR states that the subject property does not contain any historic sites that are listed on the Hawaii Register or the National Register of Historic Places.
- 47. The Petitioner's reconnaissance survey of the subject property identifies nine (9) archaeological sites, two

of which are recommended for detailed mapping and subsurface testing.

48. The Petitioner's historical consultant recommends that a qualified archaeologist be retained to monitor any clearing activities in the more verdant Waiohuli (northern) section of the subject property to assure that any hidden sites are identified and not destroyed.

Flora and Fauna

49. Plants and animals identified on the subject property are of common species; none are rare or endangered.

Recreational Resources

- 50. The Petitioner has agreed to dedicate 15 acres of land for a community park, in excess of the 4.4 acres required under the County of Maui Park Dedication Ordinance.
- 51. Existing recreational facilities and services within the area will not be adversely affected by the proposed development on the subject property.

Scenic Resources

52. The Petitioner proposes a low-rise design concept for the proposed developments that will not adversely impact the scenic quality of the area.

ADEQUACY OF PUBLIC SERVICES AND FACILITIES

Electrical and Telephone Services

53. Maui Electric Company and Hawaiian Telephone
Company have stated that they will be able to provide adequate
electricity and telephone services to the proposed development.

Firefighting Services

54. The Kihei Fire Station is located on Kihei Road adjacent to Kalama Park, within five minutes from the proposed development.

Police Services

55. Police patrols are dispatched from the Kihei Community Center, located within two miles from the subject property. Backup units are available from the main station in Wailuku.

Parks and Recreation

- 56. Kalama Park, Kamaole Beach Park, and Maipoina Oe Lau Beach Park are within one mile of the subject property and will be accessible to future residents of the proposed housing units.
- 57. A 15-acre park will be developed by the County with facilities that will serve the proposed development.

Schools

58. The State of Hawaii Department of Education (DOE) indicated that the proposed 785 single-family and multi-family units are expected to generate the following student enrollment:

<u>School</u>	Grade	Approximate Enrollment
Kihei School	K-8	150-200 students
Baldwin School	9-12	50-80 students

- 59. The DOE has indicated that both Kihei and Baldwin Schools are operating at capacity. Future expansion for Kihei School includes an eight-classroom building which will provide classroom accommodations for anticipated growth through 1986. However, the expansion of Baldwin High is being deferred until a Master Plan for the school is finalized.
- 60. According to the DOE, long lead times are vital to their planning because of the time needed to secure legislation and to design and construct the facilities. Both Kihei and Baldwin Schools will need additional facilities to accommodate growth. The Petitioner has committed to working with the DOE in developing a phasing plan that will not cause any unnecessary hardship in providing adequate educational facilities.

Drainage

- 61. The lower Kihei area has a history of drainage problems because of heavy rainfall at high elevations and a poorly developed natural drainage system that is susceptible to overflowing.
- 62. Although most of the subject property is outside of the 100 year flood plain, its development could contribute to runoff that may add to flooding of downstream properties during heavy storms.
- 63. The development of the subject property will require major improvements to Waipuilani and Keokea Streams to mitigate the potential danger of flooding. The Petitioner has indicated its willingness to work with both the County and the State in providing both on-site and off-site improvements necessary to accommodate storm runoff from the subject property, as well as from mauka lands that it owns.
- 64. Storm runoff generated by the proposed development will be 200 cubic feet per second and will be directed into ten retention ponds to be constructed along the west boundary of the subject property. The accumulated water will be released into the existing drainage channels after the peak flows of a storm have passed. No adverse impacts are expected due to drainage from the subject property.

Roadways and Traffic

65. Access to the proposed project will be from the Piilani Highway and Kihei Road at their intersections with Welakahao Road, East Lipoa Street, Waipuilani Road, and a new road between Kulanihakoi Road and Waipuilani Stream. The Petitioner has committed to provide the mitigative measures and traffic improvements (e.g., left turn lanes, merging lanes, traffic markers and signals) necessary for the implementation of the proposed developments to the satisfaction of the State

Department of Transportation and the County Department of Public Works.

66. The internal roadway system for the planned residential community will be designed and developed in cooperation with the County as part of the processing for rezoning (Project District) and Special Management Area permit approvals.

Sewage Treatment and Disposal

- 67. The existing Kihei Wastewater Reclamation Plant that will service the proposed development currently operates at an average of 2.5 million gallons per day (mgd) and has a capacity of 4.0 mgd. This existing facility should be able to handle the sewage expected from the subject property.
- 68. The Petitioner is committed to contribute toward the expansion of the sewage treatment plant if necessary to assure that adequate capacity exists at the time each phase of the proposed project is completed.

Solid Waste Disposal

69. The County of Maui will provide refuse disposal service for the proposed residential areas. Private refuse collectors will service the proposed commercial center.

Water Services

70. The Maui County Department of Water Supply calculated the water demands of the proposed project as follows:

DEMAND IN GALLONS PER DAY

	Average Day	<u>Maximum Day</u>
1985-1990	663,475	995,213
1990-1995	110,000	165,000
	773,475	1,160,213

71. The Petitioner has the option to either participate in the County Water Source Assessment Program and connect into the County's water system; or may develop an independent source

of ground water from wells it contemplates drilling directly inland of the subject property at an elevation of 500 feet.

72. According to the Department of Water Supply, at present there is adequate water source development to service the proposed project. The Petitioner is committed to providing the resources to develop both the off-site and on-site improvements needed to deliver sufficient water to service the proposed developments

CONFORMITY TO STANDARDS FOR DETERMINING DISTRICT BOUNDARIES

- 73. The subject property is located at Kihei, a major center of trading and employment on Maui, characterized by "city-like" concentrations of people, structures, streets, urban level of services, and other related urban land uses.
- 74. The proposed reclassification will provide a needed area for urban growth. The residential units will assist in providing a balanced housing supply; and the shopping and recreational facilities will serve the needs of residents and tourists while expanding the opportunities for trade and employment.
- 75. The subject property is contiguous to lands within the existing Urban District. The proposed reclassification will not contribute to scattered or spot urban development.
- 76. The Petitioner has provided evidence which substantiates the economic feasibility of the proposed project and its ability to undertake the developments proposed.
- 77. The subject property has satisfactory topography, and will be developed with drainage and other improvements that will keep it reasonably free from the danger of floods, tsunami, unstable soil conditions, and other adverse environmental effects.
- 78. Adequate support services such as sewers, sanitation, water, schools, parks, and police and fire protection are either immediately available to the proposed development, or can

be so provided at reasonable costs to the Petitioner.

- 79. The proposed development of the subject property will be undertaken to preclude any significant adverse effects upon agricultural, historic, recreational, scenic, environmental, natural, or other resources of the area.
- 80. Development of the subject property for a planned residential community conforms to the proposed Kihei-Makena Community Plan which designates the site for a residential project district. The Maui County Planning Department and the Kihei Community Association support the proposed reclassification to urban for the uses proposed.
- 81. The subject property is relatively unsuited for productive and economically feasible agricultural use; its development into a planned residential community is necessary to provide for desired urban growth.

RULING ON PROPOSED FINDINGS

Any of the proposed findings of fact submitted by the Petitioner or the other parties to this proceeding not already ruled upon by the Land Use Commission by adoption herein, or rejected by clearly contrary findings of fact herein, are hereby denied and rejected.

CONCLUSIONS OF LAW

Pursuant to Chapter 205, Hawaii Revised Statutes, and the Rules of Practice and Procedure and District Regulations of the Stand Land Use Commission, the Commission finds upon the clear preponderance of the evidence that the proposed boundary amendment does conform to the standards established for the Urban District by the State Land Use District Regulations, is reasonable, and is not violative of Section 205-2, Hawaii Revised Statutes, as amended; and is consistent with the Hawaii State

State Plan, as set forth in Chapter 226, Hawaii Revised Statutes as amended.

DECISION AND ORDER

IT IS HEREBY ORDERED that the land which is the subject of the petition of Haleakala Ranch Company in Docket No. A82-536, consisting of approximately 189.7 acres at Waiohuli-Keokea, Kihei, Island and County of Maui, State of Hawaii illustrated in Exhibit "A" attached hereto and incorporated by reference herein, identified by Tax Map Key 2-2-2: Portion of 42, is hereby reclassified from the Agricultural District into the Urban District, and the Land Use District Boundaries are amended accordingly.

DOCKET NO. A82-536 - HALEAKALA RANCH COMPANY (MAUI)

Done at Honolulu, Hawaii this 10th day of August, 1983 per Motions on June 27, 1983 and August 10, 1983.

> LAND USE COMMISSION STATE OF HAWAII

RICHARD B.

Vice Chairman and Commissioner

LAWRENCE F. CHUN

Commissioner

Commissioner

WINONA E. Commissioner

TEOFILO PHIL TACBIAN

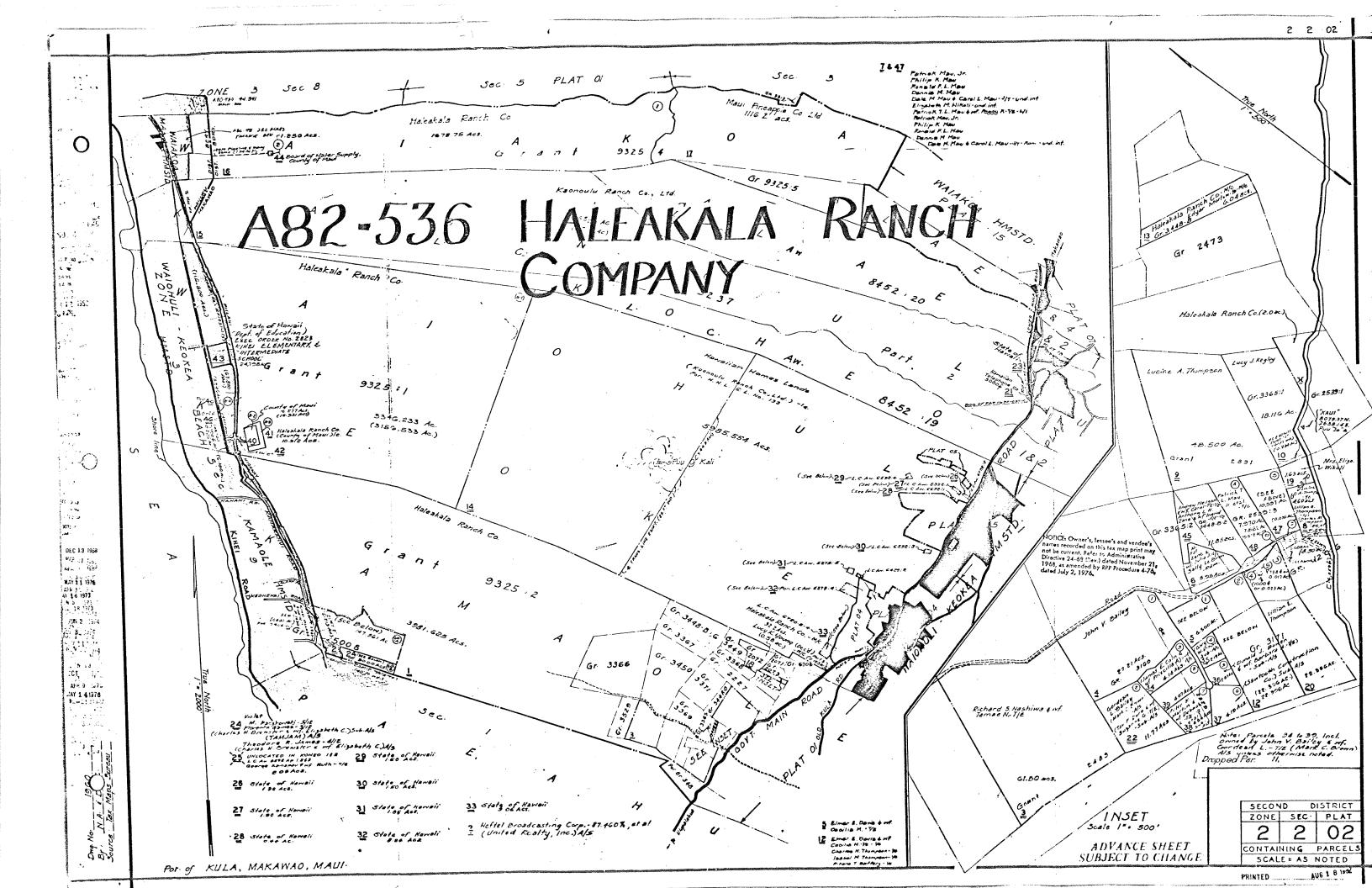
Commissioner

ROBERT S. TAMAYE

Commissioner

FREDERICK P. WHITTEMORE

Commissioner



BEFORE THE LAND USE COMMISSION

OF THE STATE OF HAWAII

In the Matter of the Petition of

HALEAKALA RANCH COMPANY

DOCKET NO. A82-536

To Amend the Agricultural Land Use District Boundary to Reclassify Approximately 189.7 Acres, Tax Map Key 2-2-02: Portion of Parcel 42 at Kihei, Island and County of Maui State of Hawaii, into the Urban Land Use District

CERTIFICATE OF SERVICE

I hereby certify that a copy of the Land Use Commission's Decision and Order was served upon the following by either hand delivery or depositing the same in the U.S. Postal Service by certified mail:

KENT KEITH, Director
Department of Planning and Economic Development
State of Hawaii
250 South King Street
Honolulu, Hawaii 96813

TOSH ISHIKAWA, Planning Director County of Maui 200 South High Street Wailuku, Hawaii 96793

PAUL R. MANCINI Case, Kay & Lynch 33 Lono Avenue, Suite 470 Kahului, Hawaii 96732

DATED: Honolulu, Hawaii, this 12th day of August, 1983.

CORDAN Y. FURUTANI Executive Officer

A82-536 - HALEAKALA RANCH COMPANY

A certified copy of the Land Use Commission's Decision and Order was served by regular mail to the following on August 12, 1983.

ANNETTE CHOCK, Deputy Attorney General Department of Attorney General Capital Investment Building Penthouse, 850 Richards Street Honolulu, Hawaii 96813

H. RODGER BETTS, Corporation Counsel Office of the Corporation Counsel County of Maui 200 South High Street Wailuku, Maui 96793

PETER BALDWIN, President Haleakala Ranch Company 55 South Wakea Avenue Kahului, Hawaii 96732