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DEPARTMENT OF PLANNING
AND ECONOMIC DEVELOPMENT



LAND USE COMMISSION

250 South King St. / Honolulu, Hawaii 96813 / P. O. Box 2359 / Honolulu, Hawaii 96804

October 23, 1973

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TATSUO FUJIMOTO

Executive Officer

Hawaii Planning Commission
25 Aupuni Street
Hilo, Hawaii 96720

Attention: Mr. Raymond Suefuji
Planning Director

Gentlemen:

At its meeting on October 17, 1973, the Land Use Commission voted to approve a special permit to the Hawaii Land Corporation (SP73-157) to allow a resort-residential development on approximately 53 acres of land of which approximately 35 acres are situated within the State's Agricultural District, described as Tax Map Key 1-2-02: parcels 9, 20, 29 and 31, Kupahua, Puna, Hawaii; subject to the conditions imposed by the Hawaii County Planning Commission and subject also to the additional stipulation that approval of the special permit shall be for the applicant only and shall be non-transferable.

A copy of the staff report is enclosed for your information.

Very truly yours,

TATSUO FUJIMOTO

Executive Officer

Encl.

cc: Hawaii Land Corp.

Department of Taxation, Hawaii

Property Technical Office, Dept. of Tax.

Tax Maps Recorder, Dept. of Tax.

Real Property Tax Assessor, Dept. of Tax.

STATE OF HAWAII
LAND USE COMMISSION

MEMORANDUM

October 17, 1973
10:30 a.m.

TO: Land Use Commission

FROM: Staff

SUBJECT: SP73-157 - HAWAII LAND CORPORATION

A special permit to allow a resort-residential development within the Agricultural District at Kupahua, Puna, Hawaii has been submitted by Hawaii Land Corporation.

The property fronts the makai side of the Chain of Craters Road approximately 1 mile west of the Harry K. Brown Park at Kalapana and is described as Tax Map Key 1-2-02: parcels 9, 20, 29 and 31. The lots comprise a total of approximately 53 acres of which approximately 35 acres are designated in the Agricultural District, and which is the subject of this special permit; and the remaining area of approximately 18 acres along the rocky shoreline which is designated within the Conservation District. The shoreline Conservation strip contains a depth varying from about 300 to 500 feet in depth. On February 23, 1973, the Board of Land and Natural Resources approved a Conservation District Use Application by the petitioner for landscaping the area for resort use. One of the 10 conditions imposed by that agency stipulated "free and open public access to and in the Conservation District under reasonable conditions".

In the Agricultural District surrounding the subject property, residential uses are scattered over a wide area. However, no significant agricultural uses are discernible. To the west on State owned lands; directly north across the Chain of Craters Road is an Agricultural subdivision of 20-acre lots and adjacent to that is a non-conforming residential subdivision of approximately 750 lots of 7,500 square feet containing only 8 dwellings. The Kalapana Urban District is situated approximately 1/2 mile to the east and the Queen's Bath area is located 2 miles to the west.

The property itself is unused and overgrown with vegetation, including coconut trees, Java plum, pandanus, lantana and various grasses. The Land Study Bureau rating shows that the land is "E" or very poor for overall crop use, consists of almost bare pahoehoe, generally under 20% in slope and is well drained. Rainfall is about 70 inches annually. The rocky coastline is topped by a cliff of approximately 25 feet in height, and the elevation at the mauka

boundary is about 35 feet. A vertical scarp of 20 to 40 feet which is an extension of the Hilina fault system bisects the subject property. This cliff roughly parallels the Chain of Craters Road.

With respect to utilities, the extension of an 8-inch water line from Kalapana to the Hawaii Volcanoes Natural Park is in progress. Excavation work for the line is now being conducted in the area fronting the subject property. Existing power and telephone services are inadequate. The petitioner has indicated that the project will have to extend both systems to the site, a distance of nearly 2 miles. Since there is no public sewer system in the area, a sewage treatment plant will be constructed by the petitioner. Solid wastes will be hauled by the resort operators to a County operated transfer point to be established in the near future. Commercial and other urban type services as well as school facilities, are located 12 miles away at Pahoa.

Petitioner's development proposal includes the following:

1. A single resort hotel structure of 3 stories to be constructed in 2 increments of 250 and 100 units each. Maximum height will be 45 feet.
2. Fifteen 2-story townhouses comprising a total of 74 condominium units. Maximum height will be 25 feet.
3. Support facilities, parking, roadways, sewage treatment plant, open space and landscaping.

Petitioner's revised plan shows a single main access from the Chain of Craters Road; the resort hotel and the townhouse complex situated between the fault line and the Conservation District, landscaping and no proposed construction within the Conservation District area; and parking facilities along the mauka boundary of the site. The sewage treatment plant most likely will also be located in this area. Initial archeological investigation has uncovered an earlier inhabited area consisting of stone walls, house terraces, platforms and mounds at the center of the subject site. This wooded area is designated the Village area and will be preserved and maintained. Petitioner is working with the Bishop Museum to conduct further archeological work on the site.

The project would involve \$1,200,000 for architectural and engineering and \$20,000,000 for construction from a total estimated cost of \$21,200,000. Based on present tax structures, the real property tax is estimated at \$250,000. It is noted by the staff that these figures are based on petitioner's original proposal of 110 townhouse units which have since been revised to 74 units.

COUNTY RECOMMENDATION

A public hearing on this matter was held by the Hawaii County Planning Commission on May 10, 1973. On August 23, 1973, that agency voted to recommend approval of the special permit based on the following findings:

- "1. While it is agreed that the proposed use will substantially alter the character of the land and surrounding properties by introducing an 'urban' character, it nevertheless will bring needed improvements such as water, electricity, improved roads, etc., to the area which will be of direct benefit to the existing residential-agricultural uses in the area;
- "2. The area is adequately served or will be served by basic utilities and facilities. There is an existing 8-inch water line which ends approximately one mile from the subject site which the applicant proposes to extend to his property. The applicant has also agreed to provide a tertiary sewage treatment plant;
- "3. Although the area has been designated for agricultural uses by the Land Use Commission, the County general plan land use pattern allocation guide map has designated the area for resort uses. Then, too, the courses of action under the economic and land use elements of the general plan document support the development of resort uses in the general area. Improvements such as water and roads have been introduced into the area in anticipation of resort development in the Kalapana area;
- "4. That the proposed resort development would be providing an economic climate which would enable the people an opportunity for greater choice of occupation;

"The Puna District is primarily an agricultural district with sugar, macadamia nuts, and diversified agriculture being the major agricultural industries. The proposed resort development would be the first within the area and based on the County-wide average, the development would provide an average employment ratio of one (1) job for every hotel room. Then, too, the economic spin-offs are expected to generate an additional seven-tenths (.7) jobs per hotel room. Thus, the proposed 350-unit hotel is expected to generate at least three hundred and fifty (350) jobs in that area and another one hundred and fifty (150) elsewhere as a result of the 'multiplier effect.'

"In a survey done by the County Department of Research and Development in August 1972, it was shown that there were two hundred and forty-three (243) persons within the Puna district actively looking for a job. Of the 243, about 45 were seeking jobs in the services category and 58 in clerical and sales positions. Then, too, the 1970 Census revealed that 12.1% of the families within the Pahoa-Kalapana area were below the poverty level. The median income of families in that area as of 1970 was \$7,603 as compared to the South Hilo District's \$8,500. The County's overall median-income for the same period was \$8,480.

"Thus, this development would be helping the individual economic well-being of families in that area. The employment opportunities and the choice that goes along with those opportunities would also be increased by this development. Residents of that area, particularly, need no longer resign themselves to only agriculturally-oriented jobs.

"The proposed development has also adequately accounted for the protection of historic sites on the subject area. A survey was conducted by William H. Barrera, Jr., and Dorothy B. Barrera of the Bishop Museum, and this was documented in their July 1971 report entitled, 'Archaeological and Historical Survey: Ahupua'a of Kapahua, District of Puna, Island of Hawaii.' The development will not destroy any of the major identified sites."

The above recommendation was contingent upon the following conditions:

- "1. That construction conform substantially to that as presented and commence within one (1) year and be completed within three (3) years of the date of approval of the special permit;
- "2. That a housing study be undertaken by the applicant to determine employee housing needs;
- "3. That a manpower training program be developed by the applicant and accepted by appropriate agencies;
- "4. That occupancy permits for the hotel and townhouse complexes be withheld until all required employee housing units are completed and the manpower training program underway;

- "5. That all historical features of significant importance be preserved and protected. The Barrera report and other applicable studies shall serve as guidelines for whatever features are to be preserved and by what methods they should be preserved and protected;
- "6. That the proposed development be served by a sewer system of such design and capacity which meet the standards and criteria required or imposed by County Ordinances and other applicable laws; and
- "7. That the developer be responsible for improving the roadway leading to the subject property to adequately serve the anticipated density of his development."

Records transmitted by the Hawaii County Planning Commission indicate that at the public hearing on this matter, 65 individuals supported the proposed development while 70 individuals were opposed. Kalapana Gardens Community Association, Inc., represented by its president Albert Ninke, supported the project. The Hawaii Chapter of the Conservation Council supported the request with reservations while the Puna Hui Ohana, an umbrella organization involving the Puna Hawaiian Organization, Pahoia School Hawaiian Parents Society, and the Puna Hawaiian Youth Club, strongly opposed the development.

Those in support of the project generally indicated that it would provide needed employment opportunities for Puna residents; would promote community cohesiveness; would bring about better living conditions as well as needed public services to the Puna area.

Those in opposition generally cited an expected rise in property taxes; increased land speculation; loss of privacy and the elimination of the way of life of old Hawaii which is against the wishes of the Hawaiian community in Puna.

Various agencies have commented on the project as follows:

1. Department of Agriculture - "foresee no adverse effects on agriculture".
2. Department of Water Supply - advises that the Kalapana Water System ends 5,000 feet from the site in question but that they have plans to extend the line to the National Park. The well source is capable of serving the development.

3. Fire Department and Department of Public Works - no comments.
4. Parks and Recreation - agrees that further archeologic studies should be conducted; recommends construction set-back from beach areas; and would like to see expanded recreational facilities in the overall development.
5. Department of Transportation, Highways Division - no objections, but notes that the existing road is substandard and should be improved.
6. Police Department - recommends preventive measures be incorporated as traffic and crime will naturally increase.

By letter dated November 30, 1972 to the Hawaii Department of Planning, the petitioner indicated that: 1) buildings will be limited to 3 stories and not to exceed 45 feet; 2) the Bishop Museum will conduct a thorough archeological survey, if the special permit is approved, and will determine the preservation or disposition of archeological remains; 3) building design which take into consideration seismic impacts will be submitted for review; 4) a tertiary type sewage plant will be provided; 5) construction of employee housing units will be undertaken "to the degree deemed reasonably necessary" by the petitioner; and 6) that a liaison group is being established with local civic organizations to provide input to the project.

By memorandum dated August 3, 1973, to the Hawaii Planning Director, the Hawaii Office of the Corporation Counsel advised that according to Judgement and Decree, Civil No. 2332, Hawaii Land Corporation has title to the land in fee simple absolute, subject, however, to a mortgage made by Byron M. Fox to Donald and Ruth Smith and that the special permit being considered by the Hawaii County Planning Commission would not be adversely affected by the present suit concerning parcels 1-2-2-9 and 1-2-2-31.

It is noted that by letter dated April 20, 1973 to the Hawaii Planning Department, Byron M. Fox, Vice President of the Hawaii Land Corporation transmitted a letter from his attorney advising him of a Motion filed for Final Decree involving a 1/4 acre undivided interest in a portion of the subject property.

By letter dated May 11, 1973 to the Hawaii Planning Department, James P. Wohl, President of Hawaii Land Corporation advised that: 1) 76% of the stock is held by the operating officers in Hawaii and the balance is owned by mainland investors; 2) John M. Hoag, Vice President of the First Hawaiian Bank, has replaced Paul L. Troast as

a director; 3) the company is under the executive leadership of 3 Hawaiian directors--Mr. Fox, Mr. Hoag and Mr. Wohl.

By letter dated October 12, 1973, Alexander W. Flynt, a resident in the general area, expressed his support of the petition as it would be the best use of the property in question.

ANALYSIS

The concerns expressed by those segments of the Puna community opposing the proposed resort development at Kupahua are very similar to those voiced by other communities elsewhere in the State which are located in areas of relative isolation in which a resort development is initially proposed. This is particularly true with respect to the island of Molokai, where several resort projects were considered by the Land Use Commission.

A review of the Commission's records finds that from 1962 to the present, a total of 6 resort hotel projects were considered under the Special Permit procedure. This is distinguished from a boundary amendment procedure which actually changes the land use district designation of the property petitioned if approved by the Land Use Commission. The 6 projects are:

<u>Petition #</u>	<u>Petitioner</u>	<u>Acres</u>	<u>Location</u>	<u>Status</u>
1) SP(T)62-2	Jackson	62	Kaupulehu, Hawaii	Developed
2) SP(T)62-7	Hay	40	Pohoiki, Hawaii	Undeveloped
3) SP70-75	Ah Ping	5.7	Pukoo, Molokai	Undeveloped
4) SP71-113	Unitours	20	Keawanui, Molokai	Undeveloped
5) SP67-41	Snygg	8	Pukoo, Molokai	Undeveloped
6) SP67-44	Richmond	78.9	Keawanui, Molokai	Undeveloped

Of the 6 resort proposals, only 1 has been established and is actually in operation. This is the special permit granted to J. M. Jackson on June 27, 1962 for the Kona Village resort project which at that time was situated in the Temporary Agricultural District. The 62-acre site is now situated in the State's Conservation District as a result of the establishment of the "permanent" boundaries in 1964.

The remaining 5 resort projects have not been developed and all of the special permit grants have expired with the exception of the Hay petition which did not have a time limitation. However, it is noted that the Hay property is now situated in the Conservation District by virtue of the Commission's action during the 1969 review. The failure of the developers to perform is apparently attributable to financing difficulties encountered when the project was actually initiated.

The above clearly demonstrates the wisdom and advantages of a special permit approach to these resort proposals in such isolated areas. If the properties in the above instances had been reclassified to an Urban designation under a boundary amendment procedure, it would have resulted in an unjustified expansion of the Urban District with an attendant increase in the speculative value of land but no physical development on the properties involved. An additional consequence would be the creation of urban "spot zones".

It should be noted further that the proposed resort is in conformity with the development guidelines contained in the Hawaii County General Plan. This document was adopted by the County after 2 years of revision and deliberation with considerable citizen participation. It is felt that the Puna citizenry opposed to the resort development in this area should have made their wishes known at that time. Apprehensions over unknown changes which may be brought about by "progress" will understandably result in resistance to these changes. However, it is submitted that "progress", with all its attendant benefits and shortcomings, will inevitably come to Puna particularly in light of the completion of the new Kalapana Chain of Craters Road and the extension of the water line in this area. It is often said that no man is an island unto himself. In a larger context, this applies to the Puna area. One resident aptly described the situation when testifying on the Kaimu breakwater in 1972 when she stated: "Breakwater or not, the question of development still faces us. This is a serious question. It will require much work on our part so that the Kaimu-Kalapana of the future will be something of which we can be proud. We don't know the answers. We do believe, however, that to strive to go back to the past is not the answer. Our ancestors tried to hang onto the old ways and they lost much. If we were to try to return and remain in the past, we would lose more. Economically, it is very possible that hotel development might be beneficial to a number of our Hawaiian families since most of the land proposed for development still belongs to our families."

A development such as proposed would aid in improving the economic well being of families in this area. It will be the impetus for the revitalization of the Kalapana Urban District, which to date is still not being used for the purposes for which it was districted in 1969.

The 7 conditions imposed by the Hawaii County Planning Commission, particularly with respect to the provisions for employee housing and training programs for employees will be in the best interests of the local residents. The petitioner has indicated a willingness, and the County has established a stipulation, to ensure the preservation of significant historical features already

was written by a local

identified or yet to be identified by the Bishop Museum. Further, the shoreline area under a Conservation designation will be accessible to the general public under conditions established by the Board of Land and Natural Resources. Finally, with respect to natural hazards, the petitioner submitted that: "The risk of earthquakes along the Hilina faultline is minuscule in terms of the project's life. The Harding, Miller, Lawson Associate report (Exhibit 7), in discussing the probability of a major damaging quake, indicates that a major quake is likely to occur within the next 772 years."

Evaluation of the special permit request finds that it substantially meets the guidelines for determining an "unusual and reasonable" use within the Agricultural District.

RECOMMENDATION

Based on the above discussion, the staff recommends approval of the special permit subject to the 7 conditions established by the Hawaii County Planning Commission with the additional stipulation that:

8. Approval of the special permit shall be for the applicant only and shall be non-transferable.

filed
LUC-250
(Withdrawn)

April 5, 1978

Mr. James Wohl
Hawaii Land Corporation
P. O. Box 362
Hilo, Hawaii 96720

Dear Mr. Wohl:

The Hawaii Land Corporation
Special Permit 73-157 (LUC 250)
Resort - Residential Complex
TMK: 1-2-02:20

This is to acknowledge receipt of your letter of March 21, 1978, regarding the above described subject matter.

In review of the contents of the letter, it is our understanding that you are requesting the cancellation of the Special Permit. Therefore, pursuant to your request, we hereby withdraw the subject Special Permit from our active file. A copy of this letter is being sent to the State Land Use Commission and the County Planning Commission to notify them of your action.

As a result of this cancellation action we will recommend the processing of your subdivision application presently with our office.

Should you have any questions in the meantime, please feel free to contact us.

Sincerely,
Sidney Fuke

Sidney Fuke
Director

NH/lgv
cc State Land Use Commission
Planning Commission
Corporation Counsel

bcc Subdivision File

APR 6 1978