



HAWAIIAN
HOME LANDS
HAWAIIAN HOMES COMMISSION
DEPARTMENT OF HAWAIIAN HOME LANDS

Kealakehe-La‘i ‘Ōpua

Regional Plan Update

JULY 2019

Executive Summary

Regional plans build a sense of community and capacity, they stimulate partnerships for development and improvements, and give beneficiaries within the region an opportunity to have a voice in planning for their future. The Hawaiian Homes Commission's approval of 21 Regional Plans across the State means that all homestead communities have the same opportunity. The 21 regional plans provide a platform for beneficiaries to talk as to each other about their common issues and concerns. The regional plans empower beneficiaries with a recurring opportunity to convene as a community in order to identify and solve their own problems. Regional plans ensure that beneficiaries are an integral part of the solutions to the issues that they have identified. Working with the Department of Hawaiian Home Lands (DHHL) Planning Office staff and consultants, the plan identifies priority projects to respond to issues and areas of concern within existing and planned homestead areas. At a minimum, the regional plan documents current conditions and trends and identifies a prioritized list of projects important to the community and the department.

Vision. The vision provides a unified direction for homestead, Departmental and Commission actions in Kealakehe-La'i 'Ōpua and is as follows:

Kealakehe-La'i 'Ōpua is a community with a strong sense of aloha, pride in their homestead and appreciation for the place. The community and DHHL supports its people by promoting education, self-sufficiency, and providing additional homesteading opportunities for more native Hawaiian families in the Kealakehe-La'i 'Ōpua region.

Planning Area. All the lands in the Kealakehe-La'i 'Ōpua region are located within North Kona district on the western side of the island of Hawai'i. DHHL lands are located in for main areas of this district: Kalaoa, Honokōhau, Kealakehe and Keahuolū. The Island Plan land use designations include (Update to the West Hawai'i Island Plan 2009):

Land Use Designation	Kalaoa	Honokōhau	Kealakehe	Keahuolū	Total:
Residential	129.613 acres	0.000 acres	261.135 acres	139.918 acres	530.666 acres
Community	0.000 acres	0.000 acres	33.396 acres	8.861 acres	42.257 acres
Commercial	151.252 acres	198.721 acres	51.536 acres	1.885 acres	403.394 acres
Conservation	0.000 acres	0.000 acres	95.650 acres	0.500 acres	96.15 acres
Industrial	104.184 acres	0.000 acres	0.000 acres	0.000 acres	104.184 acres
General Agriculture	95.236 acres	0.000 acres	0.000 acres	0.000 acres	95.236 acres
Total:	480.285 acres	198.721 acres	441.717 acres	151.164 acres	1,271.887 acres

Planning Process. This plan updates the 2009 Kealakehe-La'i 'Ōpua Regional Plan. The process begins with a meeting with the community leadership on October 17, 2018. This meeting introduced the Regional Plan Update project and gathering input from the leadership on how the process could be tailored to the community. Leadership was able to advise on potential venues for the meetings, a tentative schedule for the meetings, and also assisted with publicity for the meetings. The first community meeting was on January 10, 2019. This meeting introduced the

Regional Plan Update project to the community and focused on activities that would help the community to develop a list of community values as well as a long-term vision for the region. Group discussion in this meeting also identified some issues and concerns within the region. The second community meeting was on February 27, 2019. This meeting presented draft community values and a draft vision statement for community feedback. This meeting also reviewed the issues and concerns previously discussed in the previous meeting. Projects were reviewed from the previous regional plan. Projects were also suggested by L2020, the community’s non-profit organization focused on capacity building. Projects were also suggested by participants of the meeting. All projects were reviewed in this meeting, and participants voted on the projects and selected by popular vote, the top five priority projects to be presented in the regional plan. A draft regional plan update was presented to the Hawaiian Homes Commission (HHC) on July 17, 2019 for feedback. The third community meeting was on August 7, 2019 and a draft of the regional plan update was presented to the community for feedback. Feedback was incorporated into the document, and the final draft of the regional plan update was presented to the HHC in October 2019 for adoption.

Priority Projects. The priority projects summarized in the table to follow reflect the projects that the community identified as priorities for DHHL and the region. The action steps and required resources in order for these projects to be implemented are listed below.

Priority Project	Action Steps	Required Resources
North Kona Water Source development	<ul style="list-style-type: none"> • Negotiate and finalize a water credit agreement with respective landowners and County DWS. • Complete environmental assessments and engineering reports. • Complete implementation action steps for each potential well site. The approval process for each potential well site will be tailored to the needs of each site and their respective landowner. 	<ul style="list-style-type: none"> • Technical Assistance • Funding (design & construction)
Address the beneficiaries not served by the Village 4 ‘Ākau development	<ul style="list-style-type: none"> • Survey the undivided interest list for Kealakehe to get more information regarding their annual income. • Determine an adequate mix of housing options that match the income levels of the beneficiaries. • Develop the homestead. 	<ul style="list-style-type: none"> • Technical Assistance • Funding (design & construction) • HHC Approval
Initiate Commercial Development of DHHL Lands Near Honokōhau Harbor	<ul style="list-style-type: none"> • HHC decision to maximize revenue for the property (keep Island Plan commercial land use designation) OR forgo fair market rent from the property in exchange for programs and services that would benefit DHHL beneficiaries 	<ul style="list-style-type: none"> • Technical Assistance • Funding (design & construction) • HHC Approval

Initiate Commercial Development of DHHL Lands Near Honokōhau Harbor (cont'd)	<p>in the region (amend the DHHL Island Plan land use designation to Community Use).</p> <ul style="list-style-type: none"> • Complete implementation action steps for either of the aforementioned scenarios. 	
Establish a DHHL Kona District Office	<ul style="list-style-type: none"> • Gather additional beneficiary input to identify the types of services needed and how often these services are needed. • Project the future development of homesteads in the region to understand future increases in demand for services. • Develop a methodology to identify the “threshold of demand needed” in order to establish a Kona District Office. 	<ul style="list-style-type: none"> • Technical Assistance • Funding (operational) • HHC Approval
Renewable Energy Initiative – PV Farm in 'O'oma	<ul style="list-style-type: none"> • Beneficiary consultation to determine potential community benefits. • DHHL initiates internal selection process to select a developer. • Respond to HELCO's RFP solicitation for renewable energy producers. HELCO selects developer to enter into a Power Purchase Agreement (PPA). • Final PPA between HELCO and developer is approved by the Public Utilities Commission (PUC). • Obtain entitlements & permits • Complete the planning & design process. • Begin construction. • Energize. 	<ul style="list-style-type: none"> • Technical Assistance • Funding (design & construction) • HHC Approval

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Introduction

Purpose of a Regional Plan

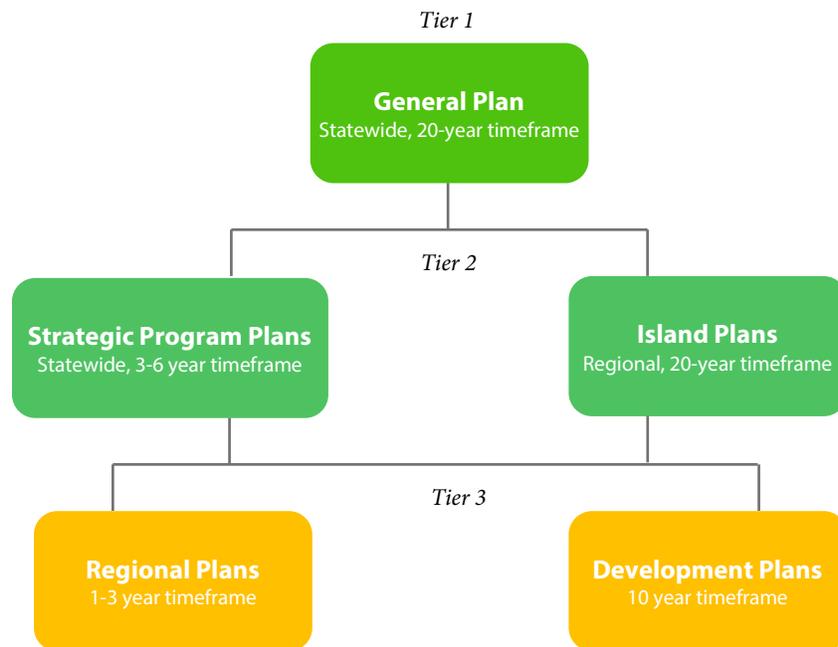
The mission of the Department of Hawaiian Home Lands (DHHL) is to build vibrant homestead communities. In order to achieve this, DHHL works in partnerships with government agencies, private landowners, non-profit organizations, homestead associations, and other community groups. Regional plans provide an opportunity to work closely with existing lessees and native Hawaiian beneficiaries to clarify visions and build partnerships.

This regional plan is one of 21 regional plans that DHHL is updating statewide. These regional plans assess land use development factors, identify issues and opportunities, and identify the region's top priority projects slated for implementation within the next five years.

Planning System

Regional Plans are part of DHHL's three-tiered Planning System. At tier one is the General Plan which articulates long-range goals and objectives for the Department. At the second tier, there are Program Plans that are statewide in focus, covering specific topic areas such as the Native Hawaiian Housing Plan and a Native Hawaiian Development Program Plan. Also, at this second tier are the Department's Island Plans that identify the Department's land use designations for each island and these designations function similar to the counties' land use zones. The Regional Plans are located at the third tier in the Department's Planning System which focuses at the community/regional level.

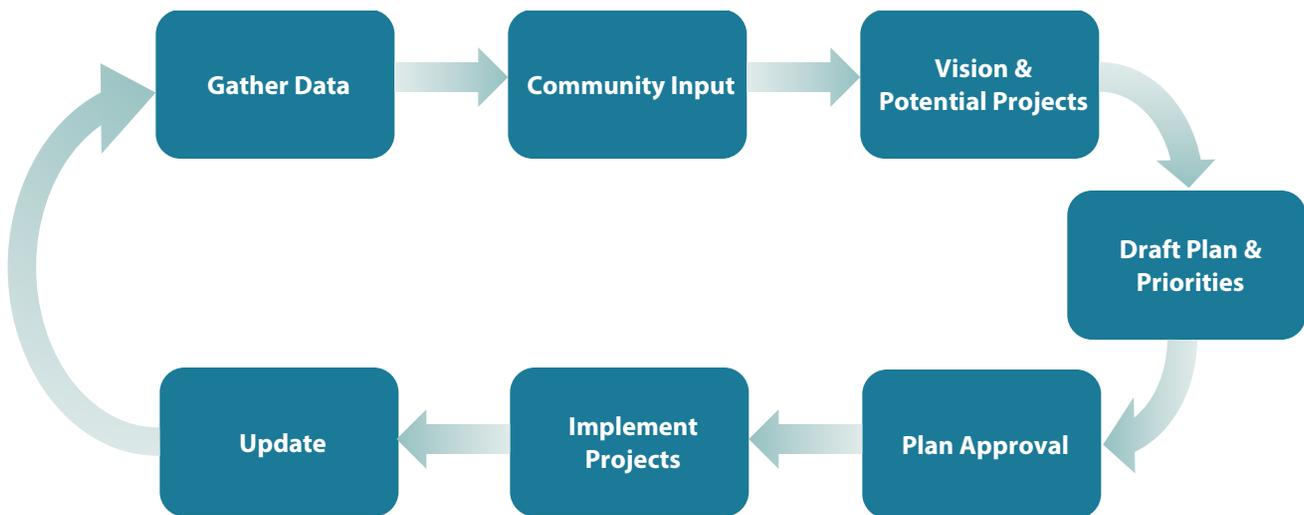
FIGURE 1: DHHL'S PLANNING SYSTEM



The role of the Regional Plans within the planning system includes:

- Apply the goals, policies, and land use designations of the General Plan, program plans, and applicable island plan to specific geographic regions;
- Directly involve the community in planning their region;
- Compile comprehensive information about the region to provide a factual basis to identify needs and opportunities;
- Evaluate changes needed, if any, to the Island Plan as it applies to the region;
- Identify potential resources (e.g., partners, funding sources) to facilitate implementation;
- Identify priority projects that are important to the community and implementation steps to move these projects forward.

FIGURE 2: THE REGIONAL PLAN DEVELOPMENT AND UPDATE PROCESS



Regional Planning Process

The development of regional plans involve seven steps (see Figure 2):

1. **Gather Data.** Pertinent data to describe existing conditions and trends include history of the homestead, land use, infrastructure, natural features, historic/cultural features, surrounding uses, development trends.
2. **Gather Community Input to Identify Issues and Opportunities.** Existing homesteaders, native Hawaiian beneficiaries, and other stakeholders are invited to a facilitated meeting to discuss issues and opportunities for the region.
3. **Create a Long-Term Vision and Identify Potential Projects.** The input from the community on the issues and opportunities provide the basis to craft a draft vision statement that is reviewed and modified as necessary to the satisfaction of the community. Potential projects consistent with this vision are identified and prioritized by community consensus.
4. **Review a Draft Plan and Priorities.** Project details, budget estimates, and other pertinent project planning information are written up as part of a draft plan for review by the community.

5. **Approve the Plan.** Draft regional plans are then subject to the approval of the Hawaiian Homes Commission, which means that the Commission and Department officially support the priorities identified in the regional plan.
6. **Implement Priority Projects.** Upon approval, the homestead community, the Department, and other development partners can seek necessary funding and pursue the implementation of the Priority Projects.
7. **Update.** Finally, since DHHL knows that regional development is a dynamic process with constantly changing opportunities and emerging issues, regular regional plan updates are built into the planning process.

Stakeholders and Partners

DHHL is working in partnership with other government agencies, the private sector and community organizations to develop its lands and improve community life. DHHL believes that partnerships are an effective way to leverage resources and capital investments, mitigate undesirable impacts of development, coordinate area growth, reduce risks in large scale community projects, and create broad community benefits.

These partnerships allow for better prioritization and coordination of infrastructure improvement and the development of regional and public residential facilities. This coordination helps individual organizations achieve their goals while bringing long-term benefits to the community and region.

DHHL Master Planning Process and Community Development Goals

Often times homestead associations are interested in developing capital improvement projects within their communities in order to provide needed social services and enrichment opportunities for their community. The need for these desired projects are often captured in DHHL Regional Plans. While the characteristics of projects proposed in each region are as diverse and unique as the DHHL communities in each region across the state, the overall planning and development process for these projects in most instances is the same.

Successfully implementing any type of land development project requires several basic foundational elements prior to beginning. This includes a strong organization that works well together and has high levels of participation in regular association business, ensuring that projects are selected based upon agreed criteria rather than individual preferences, creating a project plan and building large amounts of social capital within and outside of the community. Figure 3 briefly describes these elements of organizational capacity and project planning in more detail. The top level represents the steps that the homestead association (project proponent) should complete.

Most organizations go through five main stages of an organization's developmental lifecycle:

1. **Stage One: Imagine and Inspire.** The organization is not yet formalized, but individuals are inspired and united by a common vision or idea.
2. **Stage Two: Found and Frame.** The organization becomes formalized. Governing documents have been drafted and adopted by its members. The organization receives its non-profit status.
3. **Stage Three: Ground and Grow.** Organizations in this stage focus on establishing systems of accountability to its members as well as growing its internal capacity to provide more services or a higher quality of service to its members.

4. **Stage Four: Produce and Sustain.** This is the stage in which the organization is at its peak and is primarily concerned with how it can sustain its level of service over time.
5. **Stage Five: Review and Renew.** The organization re-invents itself in order to adapt to new existing conditions. The primary question the organization is concerned with at this stage is: "How can we do it better?" The organization revisits its mission, vision, services, and management structure.

Social capital can be defined as the networks of relationships among people who live and work in a particular society, enabling that society to function effectively. A homestead association from time to time should assess its social capital both internally among its members as well as among external stakeholders and potential partners in order to determine the level of potential support and/or opposition about a proposed land development project. Figure 3 illustrates the various social circles that should be supportive of a land development project. Often times, a development idea starts with a core group of individuals on an association board and gradually that idea should be shared with and incorporate the ideas of others in larger social circles of people in order to grow social capital and build support for a development project.

Lastly, Figure 3 illustrates that the association's assessment of its life cycle and existing social capital should be incorporated into a program plan. A program plan clearly articulates a community vision or need, identifies criteria for selecting programs or projects to fulfill that vision or need, and selects appropriate projects and programs based on that criteria. Programs/projects should be selected based on strong community support for the initiatives and the association's organizational capacity.

Once an association has outreached with its community to identify its vision and goals, established criteria for selecting projects that help them accomplish their vision and goals, and selected project(s) that have strong community support, then the association can begin with the actual physical master planning and development of the project(s). Figure 4 illustrates the process of master planning and land development on Hawaiian Home Lands.

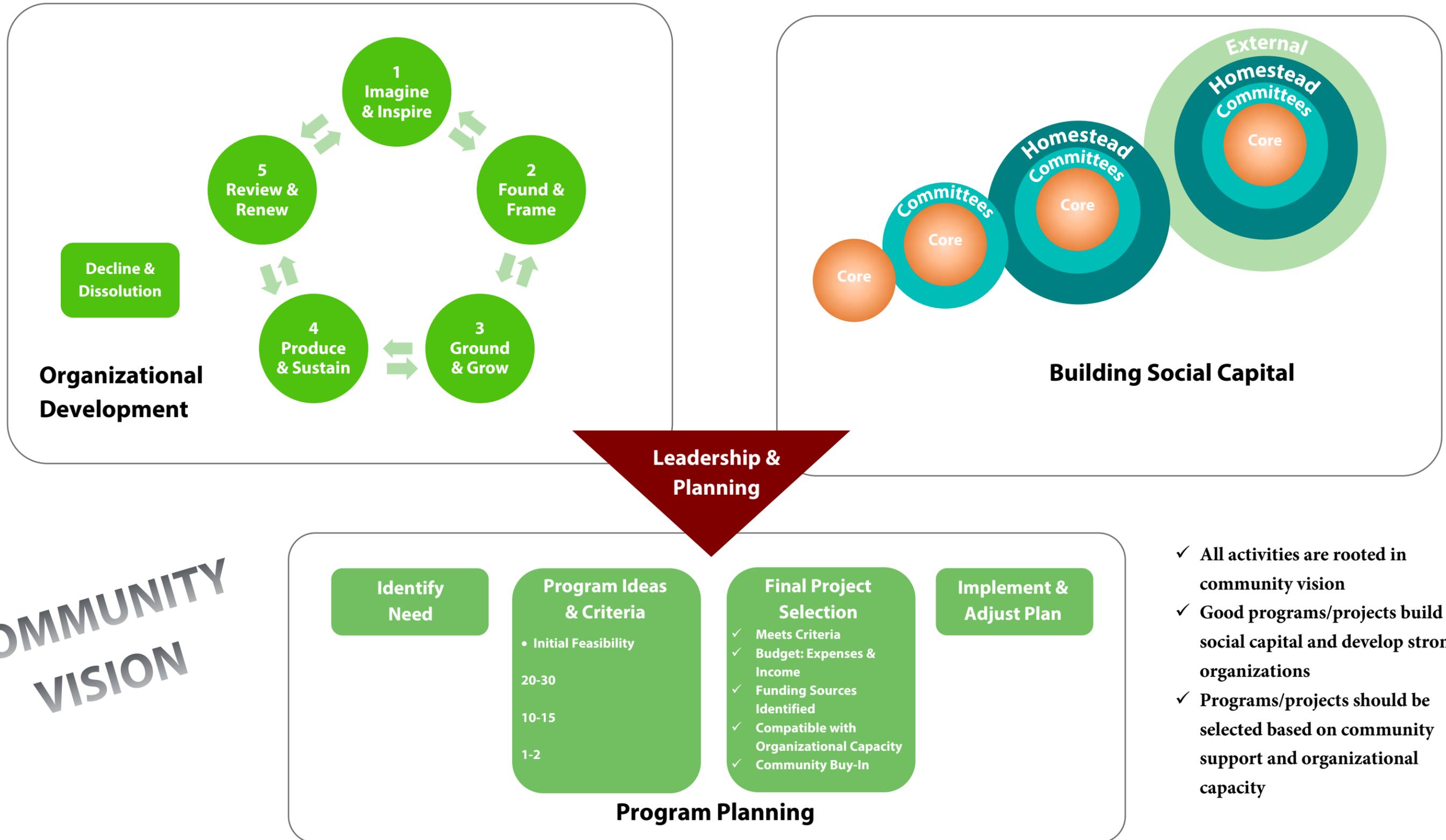
The top level represents the steps that the homestead association (project proponent) should complete.

- The project proponent should focus their time and attention to ensure that the community's **vision and needs** are integrated into the project.
- The project proponent should conduct a site and infrastructure assessment of the location in which they would like to implement the project in order to ensure that the location is appropriate for what they would like to do.
- A master plan should integrate and synthesize the community's vision and needs with the site and infrastructure assessment. A master plan should also include a financial plan that forecasts initial development costs, long-term operational costs, and how those costs will be financed over time.
- An EA or EIS needs to be prepared in accordance with HRS Chapter on the Master Plan. If federal funds are used for the project, then a federal EA or EIS may need to be completed in accordance with the rules and standards of the federal funding agency.
- Once Chapter 343 and federal environmental regulations are complied with, then the project proponent can proceed with obtaining the necessary permits, approvals, and proceed with construction.

The next two levels below the top level, include various DHHL staff reviews and HHC approvals the Project Proponent will need at each step.

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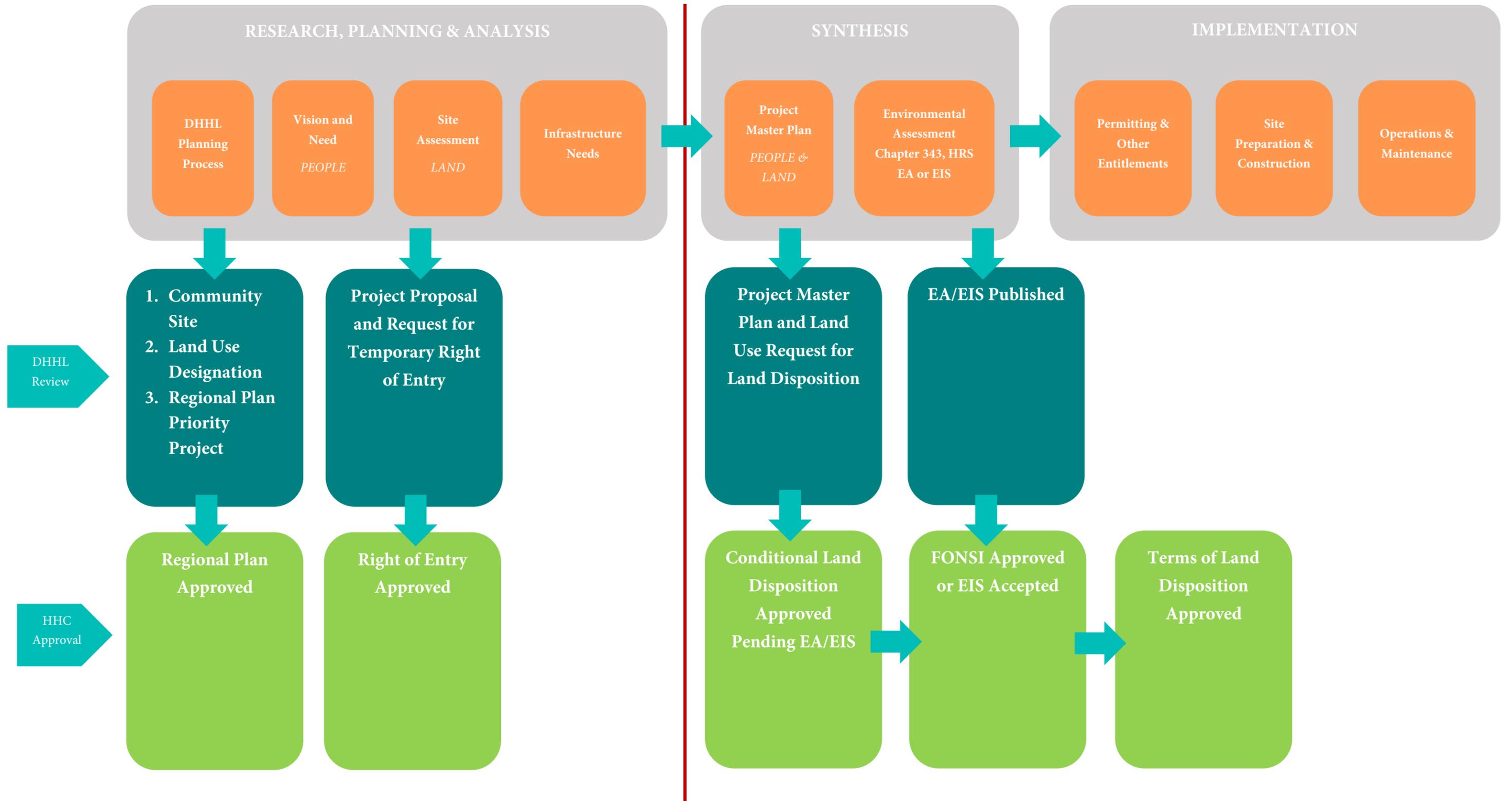
FIGURE 3: COMMUNITY ORGANIZATION & DEVELOPMENT



- ✓ All activities are rooted in community vision
- ✓ Good programs/projects build social capital and develop strong organizations
- ✓ Programs/projects should be selected based on community support and organizational capacity

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FIGURE 4: MASTER PLANNING AND LAND DEVELOPMENT PROCESS ON HAWAIIAN HOME LANDS



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Methods and Approach

The approach for this planning process began with meeting local leadership for insight on the planning process to create a series of meetings tailored to the Kealakehe-La'i 'Ōpua community. The venues were selected based on ease of access, convenience of location and abundance of parking. The meetings were carefully scheduled to avoid conflicts with other community events. The day of the week and time for the meetings were chosen for the most convenience for members of the community to be able to attend.

Broad publicity of the community meetings was accomplished through mail-outs of meeting notices and inclusion in the homestead association newsletter. All beneficiaries within the Kona region were mailed a meeting notice for all three community meetings.

The approach for the community meetings included large group discussion of all topics and break-out small group discussions for more in-depth sharing on topics related to community values and long-term vision. Detailed notes were captured at all meetings and are found in the appendices of this plan.

The timeline for this plan update was as follows:

October 17, 2019 : Leadership Meeting. The purpose of this meeting was to introduce the Regional Plan Update project to the leadership of the Kealakehe-La'i 'Ōpua homestead and ask for their insight on the planning process. The meeting took place at the Kaniohale Community Center in La'i 'Ōpua Village 3. Villages of La'i 'Ōpua (VOLA) Board members were asked to assist in planning the community meetings for the regional plan update. Leadership was able to advise on potential locations for the community meetings, a tentative schedule for the meetings, as well as assisting with publicity for the meetings.

January 10, 2019: Community Meeting #1. The objective of this meeting was to explain the purpose of the regional plan, the reason for the update, the planning process and schedule to the community. Additionally, this meeting was meant to gather input from the community regarding their long-term vision for the region, a list of important community values, as well as information about issues and opportunities in the region. DHHL mailed meeting notices to beneficiaries in the Kona district. Participants were split into break-out groups and asked to answer questions such as “if there were a film about your community today, what would the film crew highlight about Kealakehe-La'i 'Ōpua?” and “if the same film crew were to come back in 30 years, what would they highlight about Kealakehe-La'i 'Ōpua in the future?” Responses from these discussions were recorded and shared for large group discussion once the break-out groups were reconvened into one large group. The major ideas and themes that came out of this meeting were used to develop a list of community values and to craft a vision statement for the region. See Appendix A for more information about this meeting.

February 27, 2019: Community Meeting #2. The purpose of this meeting was to present the draft vision statement to the community and the list of draft community values for feedback. This meeting also reviewed the issues and opportunities in the region and developed projects to address these issues and concerns. Participants identified a total of nine projects for the region. Through a voting process using colored dots, the participants selected the top

five projects to prioritize for this region for implementation in the next five years. See Appendix B for a more detailed record of the meeting.

July 17, 2019: HHC meeting. A draft of the regional plan update was presented to the Hawaiian Homes Commission at the Commission meeting for feedback. Input from the Commission was incorporated into the draft that was prepared for public review.

August 7, 2019: Community Meeting #3. This meeting was meant to present a draft of the regional plan update to the community for feedback. A weblink to the draft plan was including in the meeting notice to provide review time prior to the meeting. Input from the community was incorporated into the draft that was prepared for the presentation seeking Commission approval.

October 2019: Seek HHC approval of the plan at the meeting in Hilo, Hawai'i.

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Vision and Values

“Kealakehe-La‘i ‘Ōpua is a community with a strong sense of aloha, pride in their homestead and appreciation for the place. The community and DHHL supports its people by promoting education, self-sufficiency, and providing additional homesteading opportunities for more native Hawaiian families in the Kealakehe-La‘i ‘Ōpua region.”

This vision is reflective of what the community sees for the future of their homestead in the decades to come. The people of Kealakehe-La‘i ‘Ōpua are strong in their connection to their community, dedicated to achieving the goals that they have set for their homestead and are willing to work hard to create a better life for future generations. There is a rich pride in the homestead and the extended region, with a belief that their rural lifestyle is of great importance and should be perpetuated. The people of the homestead have affection and gratitude for the natural beauty of Kealakehe, and the greater Kona district with its clean air, access to the sea, and open spaces. Hawaiian culture is ever present in this community. Aloha will always be given and received. And, Kealakehe-La‘i ‘Ōpua is committed to growing their homestead to ensure that there are more homes for native Hawaiian families within the region.

Guiding Principles

The vision statement was based on the following values and guiding principles:

- Hawaiian community
- sense of aloha
- strength of its people
- self-sufficiency
- pride in the place
- More homes needed

Hawaiian community

A Hawaiian community is a community with a prevalent native culture. Cultural practices such as fishing, working in lo‘i, crafts, ‘ōlelo are of great value. The future of the region should include having a large cultural umbrella that extends over the homestead and into surrounding areas. Cultural needs should be incorporated into the spaces throughout the homestead, from the houses to the community spaces and beyond.

Sense of Aloha

A sense of aloha within this community means that the feeling is very inclusive, people show aloha through hospitality to each other, they welcome everyone, and demonstrate kindness to others. They have a lot of resources to share with the surrounding areas and visitors. And, the homesteaders recognize the blessing that it is to have home lands, and have great pride in their community.

Strength of its people

The people of the Kealakehe-La'i 'Ōpua community are one of its strongest resources. They dedicate themselves to working hard to achieve their goals. The leadership of the homestead is committed to the advancement of the people of the community. Many of the success of the community are directly due to the hard work and dedication of the people.

Self-sufficiency

Economic, energy, and food self-sufficiency are key to providing for the future of the homestead. Establishing sources of revenue, spaces to grow and raise food, renewable energy initiatives, and water resources are pivotal in the continued success of the community.

Pride in the place

This community values the natural resources of the place. The natural beauty, open spaces, clean air and water, and access to the ocean and coastal resources are a part of what makes Kealakehe-La'i 'Ōpua special. Increasing the resources of this place to provide more social services and assistance, better education, and more job opportunities for the people will help to instill a long-lasting pride in this unique place.

More homes for native Hawaiian families

The Kealakehe-La'i 'Ōpua community sees a future with enough lands for all Hawaiian families, a lower blood quantum for beneficiaries, and more native Hawaiian families with homes on the homestead. Timeframes for people to get on the land are short. And, every lot is full to capacity.

Planning Area

Location

The Kealakehe/La'i 'Ōpua Planning Area is located in the North Kona District, island and County of Hawai'i. This region encompasses over 1,400 acres of lands owned by DHHL including Kealakehe (the Villages of La'i 'Ōpua), Kalaoa, Honokōhau and Keahuolū (See Figure 3).

The Hawai'i Island Plan (DHHL 2009) designated the lands in this Planning Area into the following land use categories:

- Commercial
- Community Use
- Conservation
- General Agriculture
- Industrial
- Residential

The Kalaoa lands are four discontinuous parcels that total 714.543 acres. These lands are spread across several ahupua'a and are the northernmost of the lands within the Kealakehe/La'i 'Ōpua Region. From north to south, the Kalaoa lands are located in the ahupua'a of Hale'ōhi'u, Hāmanamana, Kalaoa 1-4, and Kalaoa/'O'oma.

The northernmost parcel is designated in the West Hawai'i Island Plan Update (DHHL 2009) for commercial use. The two southernmost parcels are designated as general agriculture and industrial lands, respectively. And, the mauka parcel is meant for residential use.

The Kealakehe lands consist of 433.730 acres and is also referred to as the Villages of La'i 'Ōpua. The lands for the Villages of La'i 'Ōpua are located mostly within the ahupua'a of Kealakehe, with a small portion that crosses into Keahuolū to the south. The Kealakehe lands are south of the Kalaoa lands within the region. The Villages of La'i 'Ōpua is a master planned community that includes 572 acres of land owned by DHHL and an additional 408 acres owned by various landowners totaling 990. The Kealakehe lands consist of parcels that are designated for commercial, community, conservation and residential uses. The majority of the lands in Kealakehe are designated for residential use. Those lands not slated for residential use are retained for additional infrastructure, recreation, conservation and commercial facilities within the larger community.

The Honokōhau lands are approximately 200 acres located entirely within the ahupua'a of Kealakehe and are south of the Kalaoa lands and makai of the Kealakehe lands. The entire Honokōhau parcel is designated for commercial use (DHHL 2009).

The Keahuolū lands are approximately 150 acres located within the ahupua'a of the same name and are south of the Kealakehe lands within the region. The majority of these lands are designated for residential use, with two smaller sections designated for commercial use and community use.

FIGURE 5 PROJECT AREA MAP

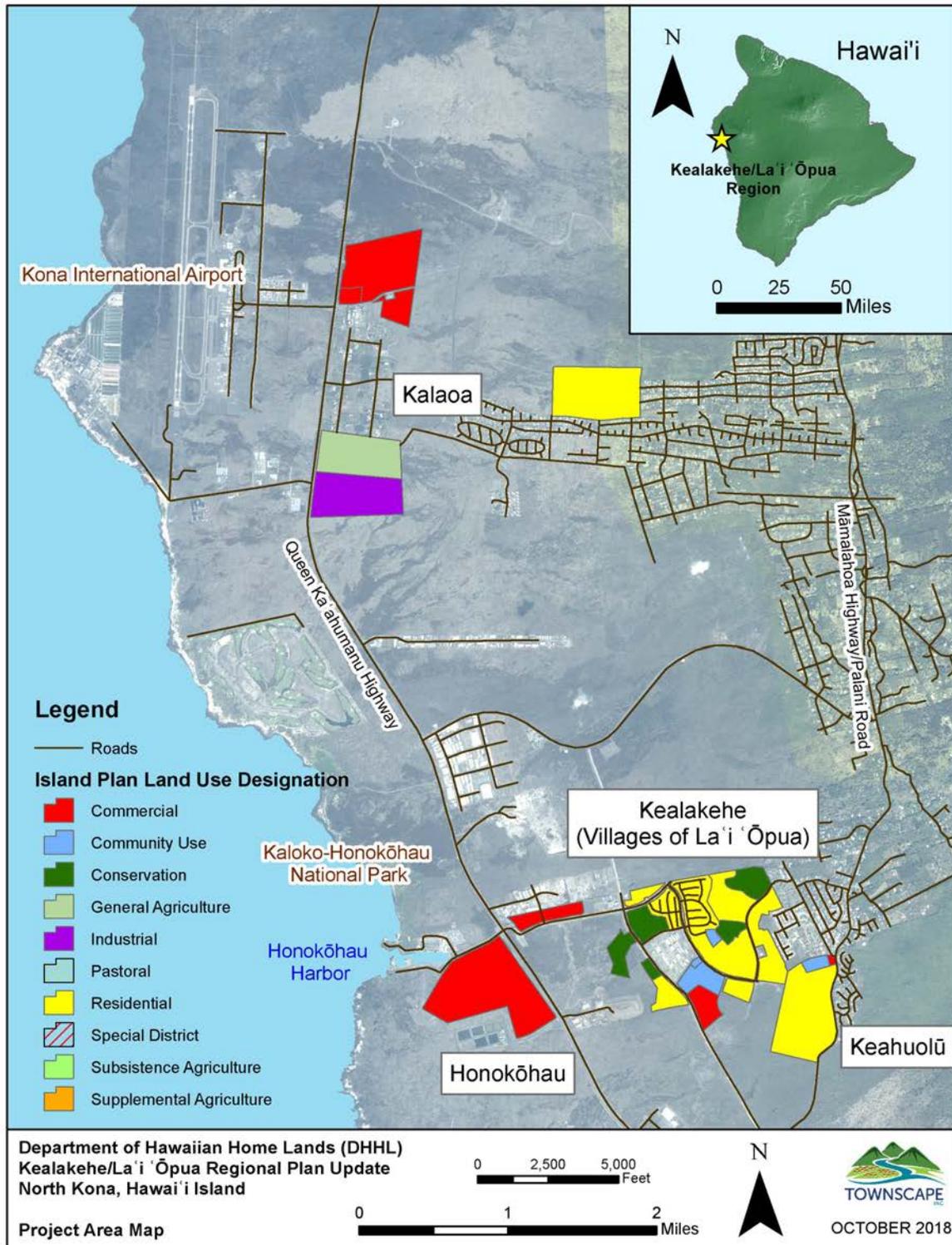
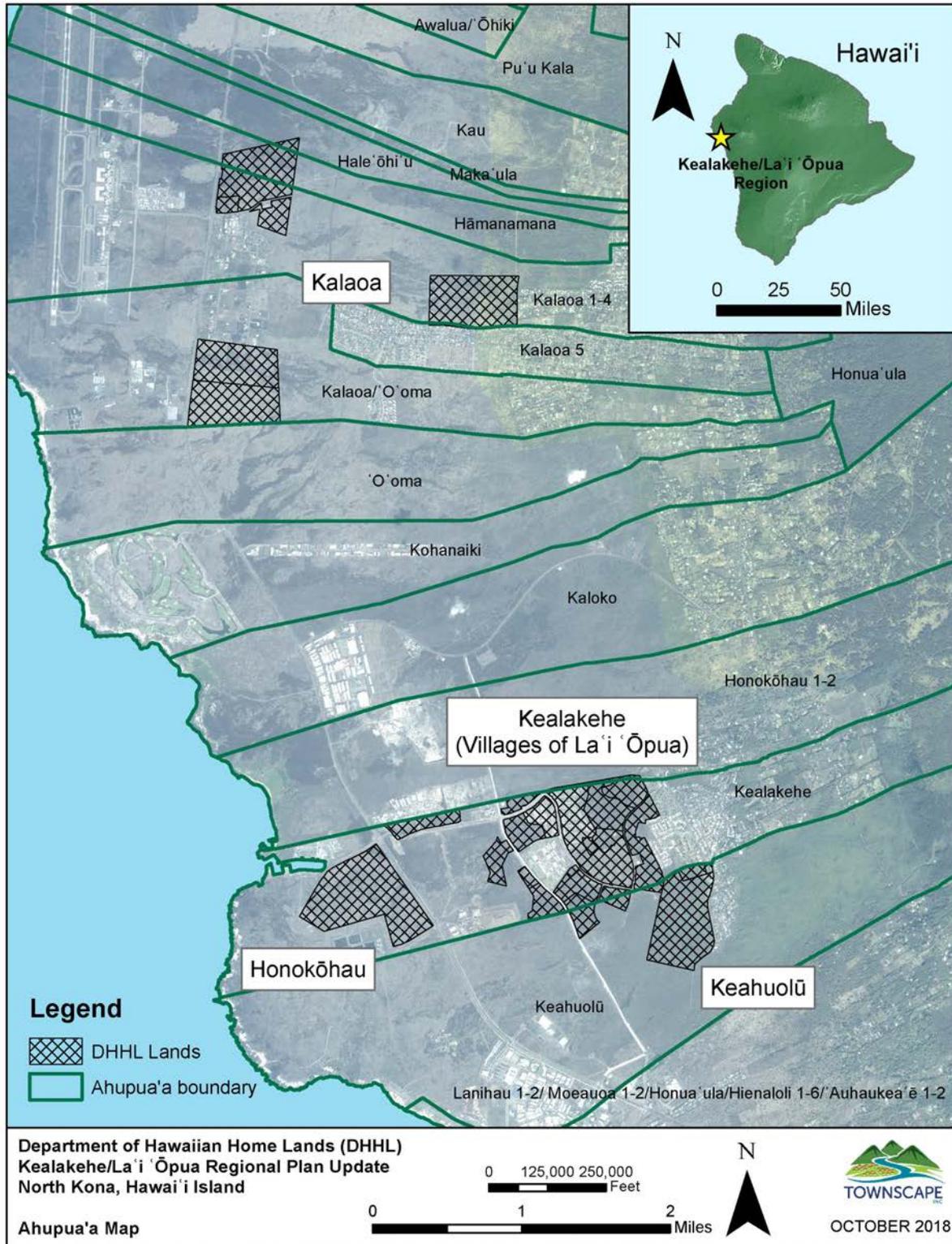


FIGURE 6 AHUPUA'A MAP



Regional History

The Kealakehe-Laʻi ʻŌpua Region is located on the mokupuni of Hawaiʻi (Hawaiʻi Island) within the moku of Kona (District of Kona). Kona in the native Hawaiian language is a geographical term that refers to leeward sides of islands. It can also refer to the famous leeward wind (Elbert and Pukui 1979). Kona districts can be found on all of the Hawaiian islands and are known for their arid conditions. Because the Kona District of Hawaiʻi island covers such a large area, it is further divided into two distinct areas known as North Kona and South Kona, traditionally referred to as Kona ʻĀkau, north, and Kona Hema, south. This division of north and south in Kona on Hawaiʻi island is still commonly used today. North Kona stretches from Kūkiʻo Bay in the north to just south of Nenuē point near Kealakekua in the south. South Kona ranges from just north of Kealakekua to Kapilo Bay in the south. The North Kona district is approximately 490 square miles, and the South Kona district is approximately 336 square miles in total size, according to the Hawaiʻi State Judicial Districts.

In relation to the other moku on the island of Hawaiʻi, North Kona borders South Kōhala to the north and Hāmākua to the east. South Kona borders North Kona to the north, and Kaʻū to the south and east. North Kona includes Hualalai, and portions of the western slopes of Mauna Loa including the Honuaʻula Forest Reserve. The DHHL lands within this region are located entirely within the North Kona district, and are spread across several ahupuaʻa within the moku.

3.2.1 Ahupuaʻa

Traditional moku or districts are further divided into sections of land known as ahupuaʻa, which were self-sufficient land sections that generally ran from the mountain to the sea and contained all the resources needed to support a community. Ahupuaʻa literally means pig altar and refers to the traditional way of marking the land boundaries by building a stone altar and placing a wooden pig head carving atop it. This marker would delineate the boundaries of the ahupuaʻa lands within a moku.

The Kalaoa lands cover several adjacent ahupuaʻa. Haleʻōhiʻu is the northernmost ahupuaʻa and translates to mean sorcery house (Parker 1922). Hāmanamana borders Haleʻōhiʻu to the south and means branching trough (Parker 1922) and could refer to a ditch or sluice (Elbert and Pukui 1979). The ahupuaʻa of Kalaoa is located south of Hāmanamana and is divided into five adjacent areas. Kalaoa means the choking (Parker 1922), and parts of the DHHL Kalaoa lands are found in the Kalaoa ahupuaʻa 1-4, though not in Kalaoa ahupuaʻa 5. South of Kalaoa 1-4 is the ahupuaʻa of Kalaoa/Oʻoma. Oʻoma means a spout, a gouge or concave in shape (Pukui 1976).

The Kealakehe lands and the Honokōhau lands are found mostly within the ahupuaʻa of Kealakehe. Kealakehe translates to mean a bend in the road (Parker 1922), and it could also be translated to mean the winding road (Elbert and Pukui 1979). Some of the Kealakehe lands extend south into the ahupuaʻa of Keahuolū. The Keahuolū lands are contained entirely within the ahupuaʻa of the same name. This translates to mean the heap or cairn of Lū (Parker 1922, Pukui 1976).

3.2.2 Additional Places of Importance

The Kona district on Hawaiʻi island is rich in cultural and historical significance. The lands from Keāhole Point to just north of Kailua-Kona were referred to as the Kekaha lands. Kekaha means the place and refers to lands that are unsuitable for taro growth because of their lack of fresh water. The Kekaha lands are described as “dry sun-baked land” (Kelly 1971). The coastline in Kona traditionally had an abundance of brackish water fishponds, including Kaloko pond which is preserved today for its historical and cultural value. Historical accounts of the area state that

much of the lands were not suitable for extensive agricultural cultivation. In 1882, Nathaniel Emerson wrote that the lands were “of comparatively small value” and the government roster of lands in 1865 lists the area as “which will do for goat pasture.” Archaeological evidence shows sites of coastal and upland settlements which indicate that the area was able to sustain a community with its natural and cultivated resources regardless of its arid conditions.

More contemporary history in the area includes the construction of Honokōhau harbor which was completed in 1970, and the new Kona International Airport which opened July 1st of that same year. The older Kona airstrip was changed into the Old Kona Airport State Recreation Area. That airstrip had been created during WWII and was used until the Kona International Airport was constructed. Today, Kona International Airport continues to serve West Hawai‘i.

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Existing Land Uses

DHHL has established land use designations for their lands across all islands. The land use designations are established in the Island Plans. The following are land use designation descriptions for the lands that are found within the North Kona region.

- **Residential.** Residential subdivisions built to County standards in areas close to existing infrastructure. Lots awarded to applicants on the residential waiting list. Lot size of less than one acre. Minimum infrastructure includes portable water, all utilities, and paved roads.
- **Community.** Common areas for community uses including space for parks and recreation, cultural activities, community-based economic development, and other public amenities. No lot size restrictions. Minimum infrastructure must meet County standards.
- **Commercial.** Retail, business and commercial activities allowed. No lot size restrictions. Minimum infrastructure must meet County standards.
- **Conservation.** Sensitive lands such as watersheds, endangered species habitat, and sensitive historic or cultural sites. No lot size restrictions. No minimum infrastructure required to be provided by DHHL.
- **Industrial.** Lands suitable for processing, construction, manufacturing, transportation, wholesale and/or warehousing. No lot size restrictions. Minimum infrastructure must meet County standards.
- **General Agriculture.** Prime agricultural areas. Commercial level agriculture is allowed on these lots. No lot size restrictions. No minimum infrastructure required to be provided by DHHL.

Total Lots and Acreage

Total Inventory in the Region					
Land Use	Kealakehe	Kalaoa	Honokōhau	Keahuolū	Total:
Residential	261.135 acres	129.613 acres	0.000 acres	139.918 acres	530.666 acres
Community	33.396 acres	0.000 acres	0.000 acres	8.861 acres	42.257 acres
Commercial	51.536 acres	151.252 acres	198.721 acres	1.885 acres	403.394 acres
Conservation	95.650 acres	0.000 acres	0.000 acres	0.500 acres	96.15 acres
Industrial	0.000 acres	104.184 acres	0.000 acres	0.000 acres	104.184 acres
General Agriculture	0.000 acres	95.236 acres	0.000 acres	0.000 acres	95.236 acres
Total:	441.717 acres	480.285 acres	198.721 acres	151.164 acres	1,271.887 acres

Commercial and Industrial Uses

In the Kealakehe/La'i 'Ōpua region, commercial lands total 403.394 acres. The entirety of the Honokōhau lands are designated for commercial use. Kalaoa, Kealakehe and Keahuolū all have commercial parcels. The only lands in the region identified for industrial use are found in Kalaoa.

The Kalaoa commercial lands are ideal for commercial uses because they are located close to employment centers and amenities in Kailua-Kona town. The lots are easily accessed via Queen Ka'ahumanu Highway and are near the University of Hawai'i Center at West Hawai'i.

The Honokōhau lands are suitable for commercial uses because they are adjacent to the Honokōhau Small Boat Harbor, a highly trafficked area for commercial and pleasure boat users. The lands are easily accessed via Queen Kaʻahumanu Highway, and it also has frontage along Kealakehe Parkway. This land is located near Kailua-Kona town. There is existing physical infrastructure available to these lands, including the Wastewater Treatment Plant which is adjacent to the lot. Surrounding land uses are commercial and light industrial, which complement the commercial designation for the DHHL lands. The Kealakehe and the Keahuolū lands have small sections that are set aside for commercial use. The Kealakehe commercial lands are located along Ane Keohokālole Highway. The Keahuolū commercial lands are located upslope of Kailua-Kona town along Palani Highway. All these lands are close to employment and public services. Additionally, the Keahuolū lands have panoramic views which increase their value and potential for commercial use.

Homestead Uses

The Kealakehe/Laʻi ʻŌpua region has a total of 530.666 acres designated for residential homestead use.

Kalaoa has one parcel designated for residential use totaling 129.613 acres. This land is near public services, employment opportunities in Kailua-Kona, and is near both Kona International Airport and education centers in Kealakehe. The homestead is adjacent to the Palisades subdivision. There could be access connecting to the subdivision off of Kakahiaka Street, Kapuahi Street, Koʻikoʻi Street and ʻAmaʻama Street.

The Kealakehe lands has 261.135 acres designated for residential homestead uses. The area is located above Kealakehe High School, and within a short distance of Kealakehe Elementary and Intermediate School providing access to education centers. Kealakehe Parkway connects the development to Queen Kaʻahumanu Highway and Keanalehu Drive is also an arterial connecting roadway. There are plans to extend Keanalehu Drive to Palani Highway for alternate access to the homestead. The development is in close proximity to Kailua-Kona.

The Keahuolū lands has 139.918 acres designated for residential homestead uses. The lands are located above Kailua-Kona and border the Kealakehe homestead to the north. Kealakehe Elementary and Intermediate border the Keahuolū homestead to the northwest. The lands are located adjacent to property that is included in the master plan for Queen Liliʻuokalani Children's Center. There is potential for access via Palani Highway as Kealakaʻa Street. The homestead is located with close proximity to employment centers and public services in Kailua-Kona. There are also panoramic views of the Kona coastline. This area is suitable for residential access, but it is constrained by limited vehicular access due to a lack of roadway networks throughout the site.

Community Uses

The only lands that are designated for community use in the region are in Kealakehe and Keahuolū. Kealakehe has 33.396 acres, and Keahuolū has 8.861 acres, totaling 42.257 acres for the region.

State and County Land Use Designations

Generally the Island Plan land use designation are consistent with the State Land Use Districts, the County General Plan designations, and County Zoning. Where they may be inconsistent, DHHL may preempt the State Land Use Law and county land use regulations pursuant to the HHCA Section 204.

State Land Use Districts

In Kalaoa, the State Land Use Urban District encompasses all the commercial, general agriculture and industrial lots and the State Land Use Agricultural District encompasses all the residential lots. In Honokōhau, the State Land Use Urban District encompasses all the commercial lots. In Kealakehe, the State Land Use Urban District encompasses the majority of the residential, community and commercial lots with some small portions of those lots in the State Land Use Agricultural District. In Keahuolū, the State Land Use Urban District encompasses all the commercial and community lots, and a majority of the residential lots. A small portion of the residential lots are in the State Land Use Agricultural District. (See Figure 7).

The State Land Use Agricultural District requires a minimum lot size of one acre. For all lots, especially residential lots, within the State Land Use Agricultural District, DHHL will need to preempt the State Land Use Law to allow for smaller lots sizes.

County General Plan

In Kalaoa, the residential lots area consistent with the County General Plan Urban Expansion designation. The commercial lots and industrial lots are consistent with the County General Plan Urban Expansion and Open Area designations. The General Agriculture lot is consistent with the County General Plan Important Agricultural Lands and Open Area designations; however a portion of the general agriculture lot is inconsistent with the County General Plan designation as Urban Expansion land. In Honokōhau, the commercial lots are consistent with the County General Plan Urban Expansion and Open Area designations. In Kealakehe, the residential, community and commercial lots are consistent with the County General Plan Urban Expansion and Low-Density Urban designations. In Keahuolū, commercial, community and residential lots are consistent with County General Plan Urban Expansion and Low-Density Urban designations. (See Figure 8).

County Zoning

In Kalaoa, the residential lots are inconsistent with the County Agricultural Zoning (A-5a) with a minimum lot size of 5 acres. The commercial and industrial lots are inconsistent with the County Open Zoning (ope) which encourages open space uses on these lands. DHHL will need to preempt the County Zoning to allow for the proposed uses. In Honokōhau, the commercial lots are in the Project District Zoning (PD) which allows for flexible land uses, and the Limited Industrial Zoning (ML-1a). DHHL will need to preempt the County Zoning for the lots on Kealakehe Parkway in the ML-1a zone. In Kealakehe and Keahuolū, the residential, commercial and community lots are in a mix of County Zoning for Agricultural, Single-Family Residential, Multi-Family Residential, Open, and Village Commercial. DHHL will need to preempt County Zoning for much of the planned development in this area. (See Figure 9).

Surrounding Land Ownership and Uses

The major landowners in the region are the County of Hawai'i, State of Hawai'i, US Federal Government, State Department of Hawaiian Home Lands, and Kamehameha Schools. Keāhole to the north has the International Airport. The Kalaoa area has some light industrial, commercial and agricultural uses. The Kealakehe Wastewater Treatment Facility is located adjacent to the Honokōhau lands. Honokōhau has a small boat harbor and related facilities and retail outlets. Kealakehe is several public and private school facilities, a police station as well as a solid waste transfer station. To the south, Kailua-Kona town is the major commercial center for the region, with a variety of retail outlets, restaurants, accommodations, etc. Much of the surrounding area is undeveloped open space with scattered residential communities. (See Figure 10)

FIGURE 7 STATE LAND USE DISTRICTS MAP

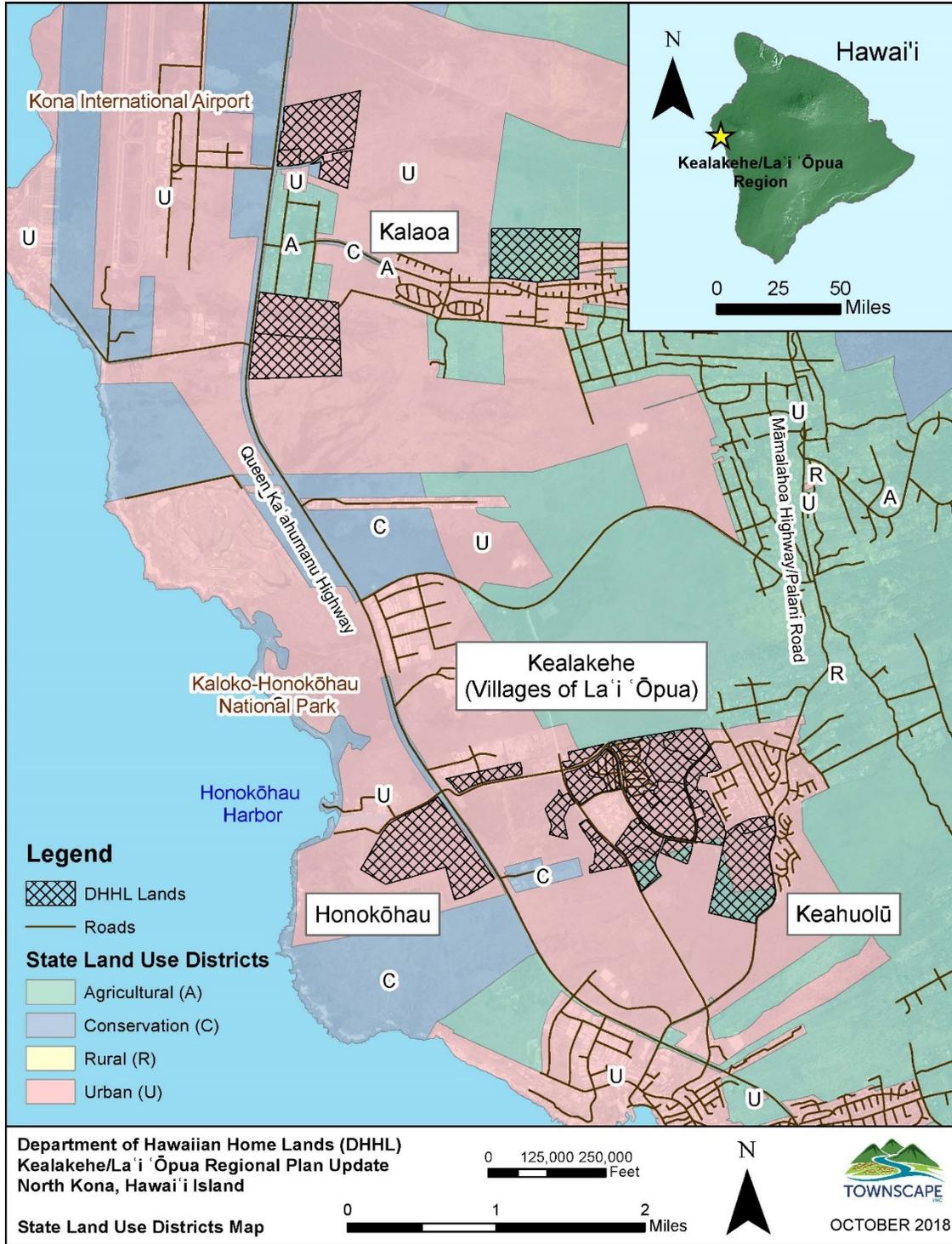


FIGURE 8 COUNTY LAND USE PATTERN ALLOCATION MAP

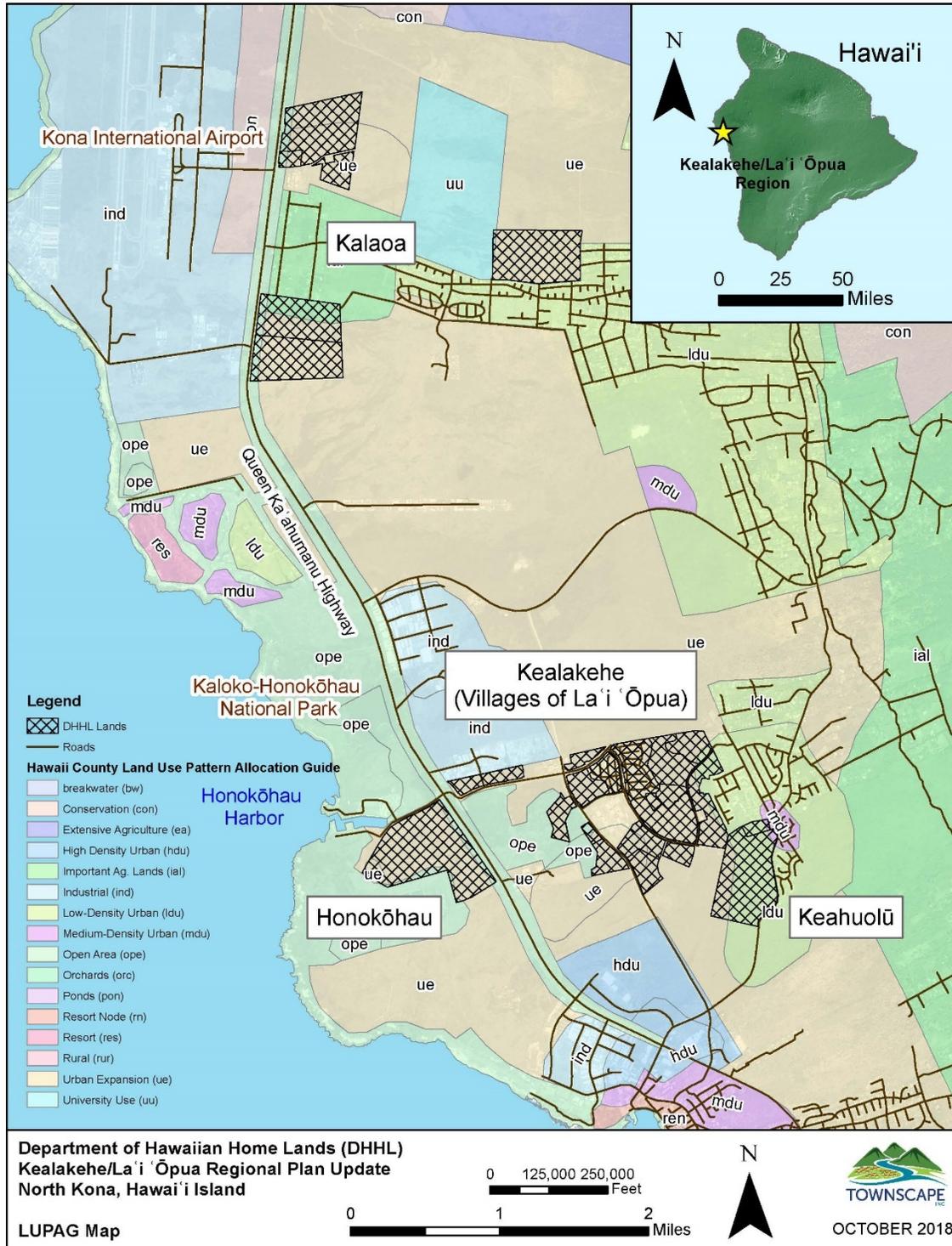
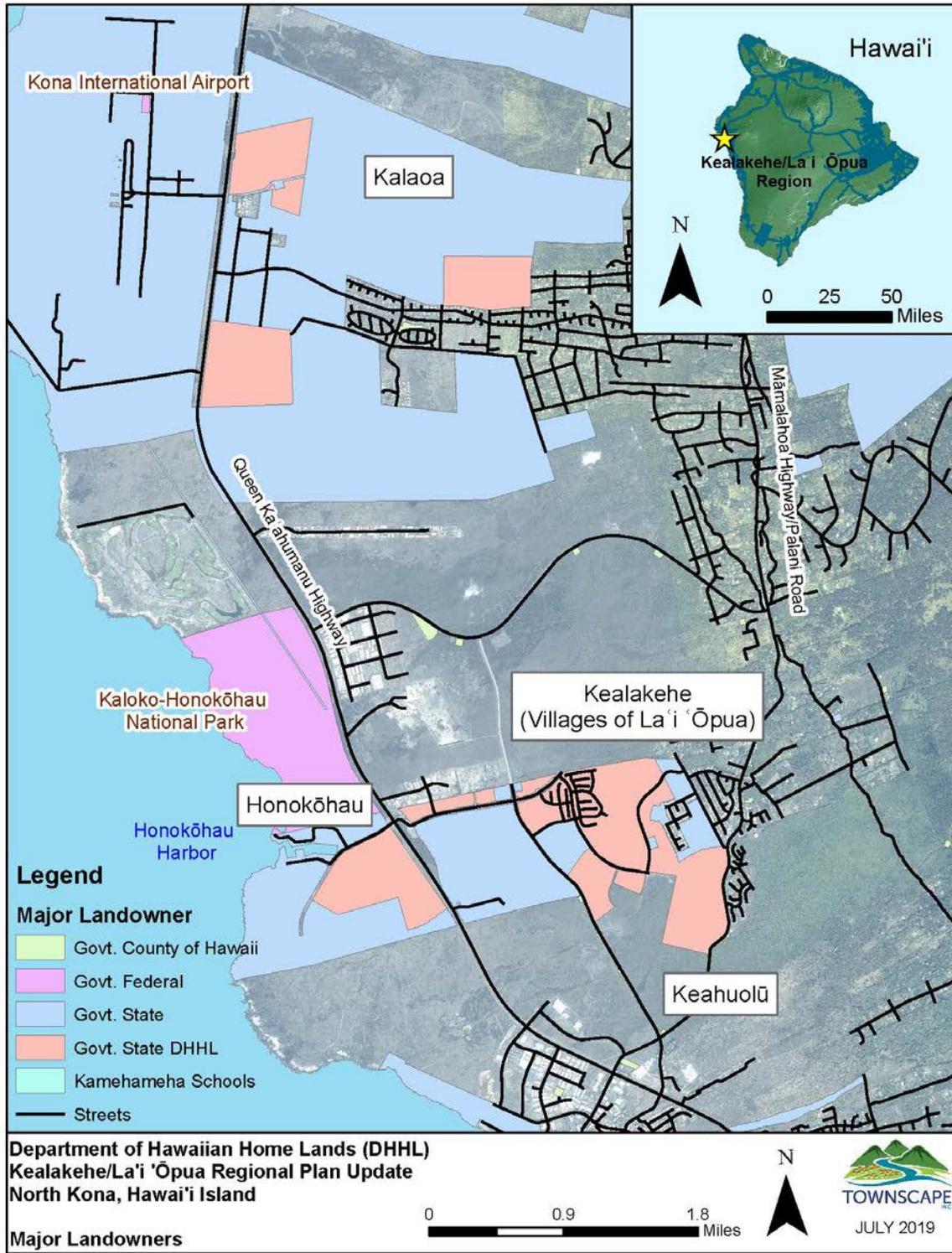


FIGURE 10 MAJOR LANDOWNERS MAP



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Infrastructure

County Water System

The County Water System has some challenges in the North Kona district. This arid district has limited water resources, and developments in this area are constrained by the limited water credits available from the County of Hawai'i Department of Water Supply.

County Wastewater System

The County sewer system in this region includes the Kealakehe Wastewater Treatment Plant located adjacent to the DHHL lands in Honokōhau. The Villages of La'i 'Ōpua are currently served by the existing sewer system. Additional sewer infrastructure is needed to serve the homesteads that are to be constructed in the Villages of La'i 'Ōpua and Keahuolū. In the Kalaoa area, extensive sewer infrastructure would need to be developed in order to service the construction of those lands. (See Figure 11).

Road System – Existing and Planned

The North Kona district has a mixture of State and County road systems throughout the area. Much of the construction to create and expand these road systems has taken place since the 2009 Kealakehe/La'i 'Ōpua Regional Plan. Queen Ka'ahumanu Highway Expansion project was completed in 2018. This project widened the highway from a two-lane highway to a four lane divided highway. Work included design and construction, new pavements, drainage systems, sidewalks and traffic signals. The Manawale'a Road Extension project was completed in 2016. This project extended Manawale'a Road from where it ended at Keanalehu Drive to connect to Ane Keohokālole Highway. This project was meant to alleviate traffic through congested neighborhoods by allowing direct access to the highway. Phase I & II of the Ane Keohokālole Highway project began in March 2010 and was completed in October 2013. This project created the 2.9-mile highway from Kealakehe Parkway to Hina Lani Street. (See Figure 12).

Impacts of Proposed Future Infrastructure

The County of Hawai'i received funds from the United States Department of Agriculture in 2018 in the form of a Rural Utilities Service grant to upgrade the Kealakehe Wastewater Treatment Facility. The funds include a \$1M grant and \$3.77M loan, totaling \$4.77M for upgrades.

Phase III of the Ane Keohokālole Highway project is meant to connect Hina Lani Street with Ka'imani Drive which will allow access from Henry Stree to Kona Palisades without the use of Queen Ka'ahumanu Highway or Māmalahoa Highway/Palani Road. This project is currently awaiting funding.

FIGURE 11 WELL AND SEWER SYSTEM MAP

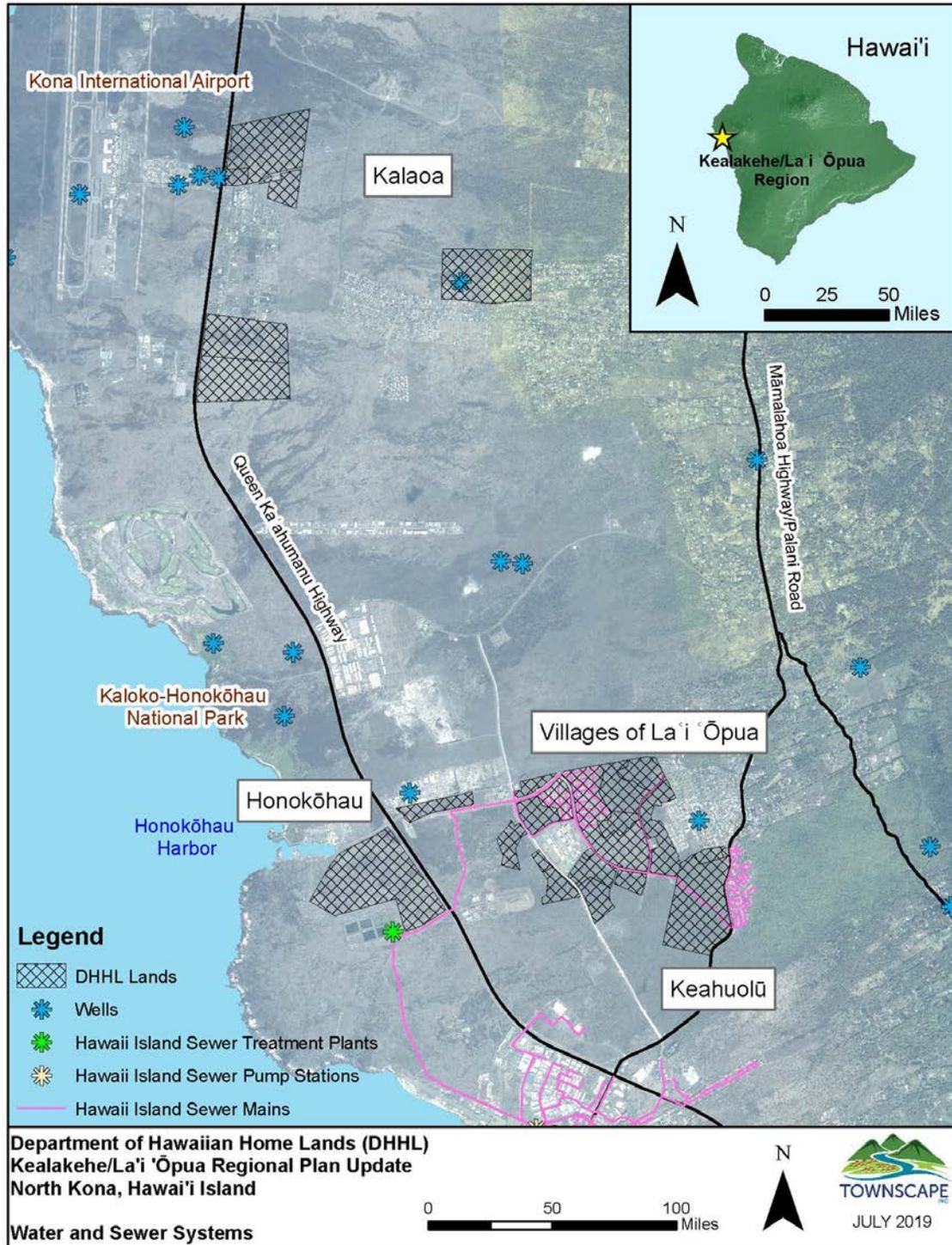
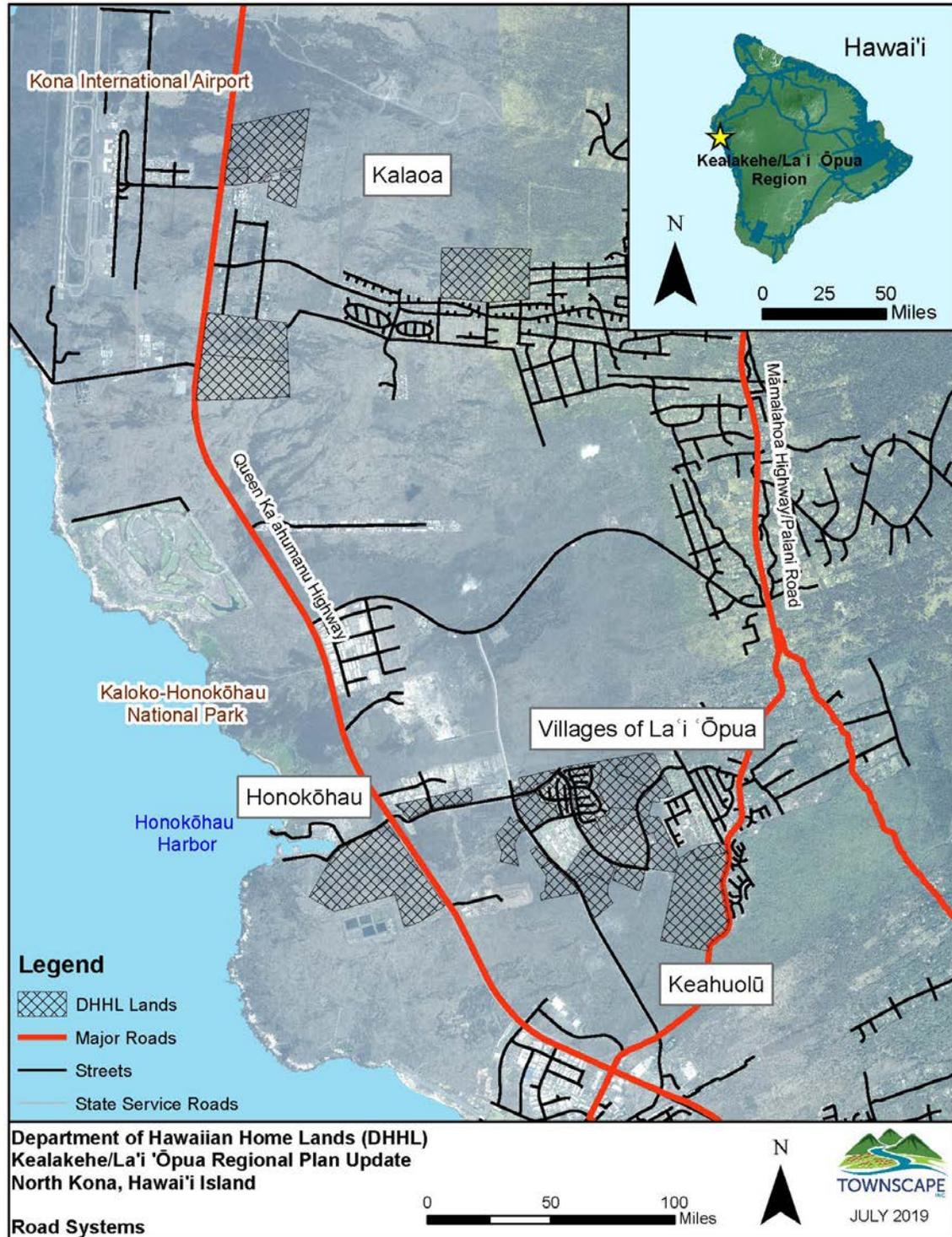


FIGURE 12 ROAD MAP



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Project List

Projects identified by the community are meant to address the issues and concerns that were expressed by the participants in the first meeting. The previous priority projects were discussed by participants to determine their relevance to the community today. In addition to the previously identified priority projects, the community discussed issues that were not addressed with the list of projects and suggested additional projects that might address those issues. L2020 shared a presentation of projects that they are championing in order to address issues that they have identified that are affecting the community. All projects considered by the community as a priority project are described in the following two sections.

Previous Projects

The first Regional Plan for Kealakehe-La'i 'Ōpua was completed in 2009. The five priority project identified by in that plan and their status updates are described below.

La'i 'Ōpua Regional Plan Priority Project	Project Champion	Status
North Kona Water Source Development and Storage	DHHL	In-progress. The Hawaiian Homes Commission (HHC) allocated \$1M in trust funds for water development in North Kona. DHHL has procured a contractor to prepare environmental studies and preliminary engineering work for two potential well sites in North Kona (1) Gianulias property and (2) KS well site. These studies are currently underway. Anticipated completion January 2020. .
Continued Support of La'i 'Ōpua 2020 Community Sustainable Projects	L2020	In-progress. L2020 completed the construction of its medical center in 2015. The vertical construction of its community center is in progress. Build-out of other portions of its master plan for the community parcel as well as its commercial parcel are pending until additional water credits and additional funding becoming available.
Renewable Energy Initiative	DHHL	In-progress. DHHL is participating in the Hawaiian Electric Light Company (HELCO) Request for Proposals (RFP) process and solicited DHHL Kalaoa lands for potential development.
Kona Regional Park	County of Hawai'i and Surrounding community	In-progress. Various community partners have been leading discussions and planning for the park development.
Treatment Plan for Inadvertent Discovery of Iwi Kūpuna	DHHL	Not started. The priority project called for the development of a burial treatment plan for inadvertent burials discovered in La'i 'Ōpua.

Additional Projects

Honokōhau Commercial development. L2020 shared a presentation regarding their support of the creation of a revenue generating development located on the DHHL lands designated for commercial use near the Honokōhau small boat harbor. This development would include a commercial development as well as provide space for boat parking for lessees and facilities for boating on site.

Kona District Office. L2020 described a need for a permanent DHHL office that is located in the Kona district. The nearest permanent DHHL office is located in Waimea, approximately 40 miles away. They believe that a permanent office would provide much needed services to beneficiaries in the region.

Address the beneficiaries not served in the Village 4 'Ākau project. Following a presentation by the DHHL Land Division regarding the details of the Village 4 'Ākau rent-to-own project, community members expressed concern that this project was not serving the beneficiaries who are not able to meet the income requirements to qualify for a homestead in the project. They felt that it was important that the Village 4 Hema project, slated as the next to be developed, be sure to provide opportunities for the beneficiaries who were not served by the 'Ākau project.

Priority Projects

Participants at the second community meeting used colored dots to vote on each of the projects from the project list that they identified for their region. All participants were given six colored dots to select the projects that they felt should be the top five priority projects included in the plan. The top two priority projects had the same number of votes. The remaining projects are listed in order of most to least number of votes.

1./2. North Kona Water Source Development Project

After the buildout of La'i 'Ōpua Village 4 Phase I 'Ākau and Phase II Hema, DHHL will not have any water credits available from the County DWS to develop additional homesteading in the North Kona region. (Note, one water credit is equivalent to 600 gallons per day or one housing unit.) Additionally, L2020 does not have any water credits to develop its 25-acre commercial property that it general leased from DHHL. In order for future homestead and community facility development to proceed on DHHL's North Kona lands, DHHL will need to develop additional potable water sources in order to obtain more water credits from DWS. DHHL lands in North Kona are not located at a high enough elevation that would make well development feasible. As such, DHHL needs to partner with other landowners to develop water sources in more suitable locations.

The North Kona Water Source Development project is focused on continuing current efforts to partner with neighboring landowners on water source development. This would provide water for the Villages of La'i 'Ōpua and other DHHL lands. This project was previously identified by the community as a priority project for the region in the 2009 Regional Plan, and it is still a priority for the region today. The development of future homesteading opportunities as well as critical community developments are both dependent upon the development of additional water sources.

In addition to addressing the demand for growth, there is a need to increase redundancy in the water supply in order to prevent emergency situations that result in mandatory water restrictions for residents. The North Kona district was placed on a mandatory 25 percent water usage reduction for nearly one year beginning on January 12, 2017 due to equipment failures at three major well sites. Increased drought in the region can also result in water restrictions for the residents of the area. The County is committed to increasing water sources in the region in order to prevent similar emergency situations in the future.

There are up to four potential well sites DHHL in which DHHL could establish a water credit agreement with the perspective landowner and DWS. DHHL has currently committed resources to the development of two of those four potential well sites. The Implementation Action Steps below articulate steps needed to implement develop on those two sites.

Past Actions

- **2003.** The State Department of Land and Natural Resources (DLNR) updated the water master plan to accommodate the needs of several State agencies that have interests in the North Kona Region. The affected agencies entered into a memorandum of understanding (MOU) to receive water allocations for their facilities. In return, the agencies would share in the cost of the master plan improvements. The plan was

implemented by DLNR and dedicated to the County of Hawai'i Department of Water Supply (DWS) for operation and maintenance.

- 2009: The need for potable water sources was identified by the community as a priority in the 2009 Kealakehe/La'i 'Ōpuā Regional Plan.
- 2015: Commission on Water Resource Management (CWRM) formally adopts reservations for DHHL in the Keauhou Aquifer System Area (KASA) totaling 3.398 millions of gallons per day (mgd).
- 2016: L2020 inquires with U.S. Department of Agriculture (USDA) whether DHHL lands in the region are eligible for USDA funding to help to subsidize well development in the region. USDA confirms that the region is *eligible* for funding.
- 2017: A private landowner in Keahuolū contacts DHHL regarding a potential partnership on water source development and to enter into a water agreement with the County. Negotiations with the landowner regarding potential obligations and commitments are still currently on-going.
- 2017: L2020 identifies potential areas for water development and creates a partnership with a private landowner for a potential well site on his privately-owned coffee farm.
- 2017: The Hawaiian Homes Commission approves \$1M in funding for North Kona Water Development for FY2018.
- 2018: Utilizing the \$1M funding allocated for North Kona Water Well Development, DHHL contracts a consultant to complete an environmental assessment and preliminary engineering reports for the two above-mentioned potential well sites. Simultaneously during the EA process, DHHL is currently negotiating water credit agreements with each respective party for these well sites.
- 2018: DHHL submits a request to the Commission on Water Resource Management to have its reservations of water in the Keauhou Aquifer System Area provided for and accommodated in the permits granted by CWRM for the Ota Well site. This is the first time DHHL has requested CWRM to actualize its water reservation by via requiring conditions in a well pump installation permit. CWRM's decision on the matter will be precedent setting.

Community Input

Beneficiaries in the region have identified the need for more water to meet the vision for their community. Providing more homesteads for beneficiaries is a part of the vision for the community, and additional water credits are needed in order to provide for the development of these homesteads. In addition to building more homesteads, the community needs water credits for potential community economic development projects. Community economic development projects would help the community achieve its desire to be more self-sufficient and self-sustainable so the community does not need to rely on DHHL or other grant funders for its financial well-being. These projects would provide a financial resource that would directly provide for beneficiaries in the region.

There are other community amenities that need water credits in order to be completed, such as a community park to serve Village 4 developments and facilities for a boat parking lot for beneficiaries. Water credits needed to meet these needs of the community are beyond what has currently been allocated to DHHL.

Objectives

The objectives of this priority project are to:

1. **Develop additional water supply from sources within the region.** In order to meet the various needs of the community, additional water credits must be secured for the desired expansion of the region. DHHL currently has enough water credits to complete its on-going development projects in the area (Village 4 'Ākau and Hema). In order to achieve the community's vision for the region, DHHL will need to secure additional water credits to support these development projects.
2. **Support Community Economic Development Projects.** DHHL has identified lands that would be suitable for commercial uses in order to increase the economic self-sufficiency of the homesteads within the region. In order for these lands to be utilized for economic development projects, there must be appropriate allocation of water credits for these projects. As DHHL currently does not have any additional water credits available for development projects within this region, it is important that DHHL pursue actions to secure additional water credits to support these potential development projects.
3. **Build more homes for beneficiaries.** DHHL has enough water credits to complete the Village 4 'Ākau and Hema developments. The remaining Villages illustrated in the Villages of La'i 'Ōpua Master Plan do not currently have water credits available for development. The community identifies providing additional homesteading opportunities for more native Hawaiian families in the Kealakehe-La'i 'Ōpua region as a priority in the vision for the region. In order for DHHL and the community to reach this vision, DHHL must secure additional water credits to support these developments.
4. **Develop Community Facilities to support the homesteads.** Recent community input has identified a concern that a vibrant and thriving community requires more than just homes and infrastructure. The community wants to ensure that area for parks and recreation are included in the desired expansion of the region. In order to provide appropriate recreational spaces for the community, DHHL must secure additional water credits to support these needs. The Implementation Action Steps identified below concentrate on actions needed to develop wells on the property of the two private landowners.

Implementation Action Steps

1. Negotiate and finalize a water credit agreement with respective landowners and County DWS. DHHL will need to enter into a water credit agreement with the various landowners of the well sites and with the County. Discussions are currently underway, but a final water credit agreement will be necessary for DHHL to move forward with well site development. The HHC will need to approve these water credit agreements.
2. Complete environmental assessments and engineering reports. Simultaneously, while negotiating a water credit agreement at each site, DHHL is preparing an environmental assessment and engineering report for the two aforementioned well sites on private properties.

3. Complete implementation action steps for each potential well site. The approval process for each potential well site will be tailored to the needs of each site and their respective landowner. Details for each well are outlined below:
 - a. Well Site A
 - DHHL to obtain CIP funding for a test well on this site estimated at \$1M-2M in cost. The test well will determine whether the site can sustainably produce potable water.
 - If the test well is a success, then DHHL to apply for a Well Pump Installation Permit from the Commission for Water Resource Management
 - DHHL to request funding from the State Legislature for production well development estimated at approximately \$14M. L2020 to potentially request funding from USDA for well development.
 - Construction on the site.
 - Dedication of the water system improvements to the County of Hawai'i.
 - b. Well Site B
 - A production well has already been drilled and tested at this site in Keauhou.
 - DHHL to complete contributions to the partnership that are outlined in the water credit agreement with the landowner and the County. At this time, the contribution required of DHHL at this well site to obtain water credits is not finalized but could potentially include the following requirements for DHHL:
 - Completion of a hydraulic study to determine whether water pumped out of the ground in Keauhou can be transmitted to DHHL lands in Kealakehe via existing County water system;
 - Installation of pumps;
 - Construction of a control shed around the well site and pumps to monitor and control pumping;
 - Construction of a second back-up well at the site;
 - Construction of an additional storage tank;
 - Improvements along the County transmission lines.

1./2. Address the beneficiaries not served by the Village 4 'Ākau development

The La'i 'Ōpua Village 4 'Ākau development is a rent-to-own community that is aimed at serving the beneficiaries that are not financially able to qualify to purchase a home on homelands. This project allows beneficiaries to have affordable, controlled rent with the option to purchase after 15 years. The Village 4 'Ākau project is meant to serve the low-income demographic, with a mandate that beneficiaries' annual income must not exceed 60% of the area median income. The La'i 'Ōpua Village 4 Hema project is the next homestead development that will be constructed in Kealakehe. The community would like to influence the future planning for the Hema development so that the Hema development is able to serve the gap in beneficiaries who are not served by the 'Ākau project, with its limits on annual income.

Past Actions

No action.

Community Input

During meeting #2 of the regional planning process, the community expressed concerns that the La'i 'Ōpua Village 4 'Ākau rent-to-own project excludes applicants on the waitlist who have an annual income above 60% of the area median income. Though this development does address those applicants who are not able to qualify to purchase a turn-key home in a homestead development, it is important that those that do not qualify are also given opportunities for a homestead within the region. Because of these concerns, the community requests that the next development project scheduled specifically address those not served by the current Village 4 'Ākau project.

Objectives

The objective of this priority project is to:

Provide more homestead opportunities for native Hawaiian families in the region. Create a residential homestead development project that provides housing opportunities to the applicants on the waitlist that are not served by the Village 4 'Ākau project.

Implementation Action Steps

The action steps to accomplish the above objectives include:

1. Survey the undivided interest list and applicant list for Kealakehe to get more information regarding their annual income.
2. Determine (based on survey results) an adequate mix of housing options that match the income levels of the beneficiaries.
3. Determine whether U.S. Department of Urban Housing and Development (HUD) whether use of Native American Housing and Self-Determination Act (NAHASDA) funding or U.S. Department of Agriculture (USDA) funding was utilized to develop Village 4 'Ākau project.
4. If funding streams from either of the above agencies were utilized to finance Village 4 'Ākau project, consult with either federal agencies to determine how many housing units need to meet the income requirements of either agency.
5. Develop a mix of housing options for “gap group” of beneficiaries.

3. Initiate Commercial Development of DHHL Lands Near Honōkohau Harbor

There is a 200-acre parcel of Hawaiian Home Lands (TMK 7-4-008:072) located adjacent to the Honokōhau small boat harbor that is currently designated for “commercial use” based on the DHHL West Hawai'i Island Plan Update (2009). This lot is adjacent to Queen Ka'ahumanu Highway with frontage along the Kealakehe Parkway. The “commercial use” designation in DHHL Island Plans indicates that the Hawaiian Homes Commission policy for this parcel is to develop these lands for the purposes of *maximizing revenue generation for the DHHL trust* in order to support the trust's mission. Recently, in addition to commercial properties providing revenue to the trust, DHHL

and the local host community associations have also negotiated additional community benefit agreements with commercial developers. DHHL, L2020, and VOLA would like to see these lands developed for commercial uses. However, based on community input during the planning process, there are differing perspectives as to *how* and *who* develops these commercial lands. These differing perspectives are described in further detail below as well as implementation action steps that take into consideration differing scenarios based on the differing perspectives. This project is meant to support the development of these commercial lands.

Past Actions

- **1995.** DHHL and the State of Hawaii reached a settlement agreement on lands owed to the Hawaiian Home Lands Trust from the State of Hawaii. In the settlement agreement, the state agreed to transfer approximately 14,000 acres of land to DHHL over time. One of the parcels that was transferred to DHHL from the state was the Honokōhau property.
- **2009.** Hawaiian Homes Commission adopts an update to the Hawaii Island Plan for West Hawaii. The plan designates the Honokōhau property for commercial use.

Community Input

For several years L2020 has been consistently advocating for operational funding for its programs and services from government and charitable funding organizations including DHHL. In the long-term though, L2020 does not want to be dependent upon grant funding. Rather it would like to be economically self-sufficient by generating its own revenue to cover its programmatic operational costs. L2020 believes that a commercial development in Honokōhau could provide revenue, jobs and other community benefits that are necessary for the community to reach its vision for economic self-sufficiency. The community seeks a consistent source of revenue to support the programs that they provide to the homestead and the greater community.

It should also be noted that L2020 already has a general lease for a 25-acre property from DHHL for the purposes of developing revenue generating activities. However, L2020 has not been able to advance the development of this property because this property does not have any County Department of Water Supply (DWS) water credits. Until additional water sources are developed by DHHL for its lands in North Kona (see North Kona Water Development Priority Project) and additional water credits are awarded to DHHL by DWS, L2020 cannot proceed with development of the property it has general leased from DHHL.

As a result, L2020 is also seeking a general lease from DHHL for the Honokōhau property and act as the developer of the property. L2020 has secured commitments from private developers to finance and implement development of the property including off-site infrastructure improvements such as water source development. In addition, the community is interested in this project creating a potential site for boat parking and related facilities for beneficiary use. The homesteads do not currently provide appropriate spaces for boat parking, and this is a need that could be met by this development.

L2020's request to general lease the property from DHHL does pose policy issues for DHHL and the Hawaiian Homes Commission to consider. DHHL, per Hawaiian Homes Commission Act (HHCA) Section 204, is required to follow Hawaii Revised Statutes (HRS) Chapter 171 – rules relating to the process and procedure for leasing or licensing public lands to non-government entities. For commercial properties under HRS 171, DHHL would have to issue a competitive solicitation for the property which may include a Request for Proposals (RFP) or public auction (highest bid) from developers. Under a competitive process, DHHL would **not** be able to directly lease the property to L2020. DHHL would have to select the developer with the best proposal. Should DHHL choose the RFP method,

in addition to market rent paid to DHHL, the department could also require potential developers to provide a community benefits package that could include a combination of funding, services, amenities, or other types of benefits the community is seeking.

Alternatively, there is a provision in the statute (HRS 171-43.1) that allows state agencies to directly lease (non-competitive process) to a non-profit entity (such as L2020) for eleemosynary (non-profit) purposes. Additionally, per HHCA Section 207(c)(1)(B), DHHL is authorized to grant licenses for lots within a district in which lands are leased for mercantile establishments all of which are owned by native Hawaiians or by organizations formed and controlled by native Hawaiians. However, by directly leasing the property to L2020, DHHL would probably be foregoing market rent and would not be maximizing the revenue generation potential of the property. But on the other hand, DHHL would be providing lands to a homestead organization that would then be able to generate revenue which would be re-invested in programs and services that would benefit DHHL beneficiaries in the region.

This is the policy decision for the HHC consider – maximize revenue from the property for the trust that could be used to benefit beneficiaries statewide (and require developer to provide community benefits) or forgo fair market rent from the property in exchange for programs and services that would benefit DHHL beneficiaries in the region. As mentioned previously, there are two possible scenarios regarding the *who* (DHHL or L2020) develops the property which influences *how* the property is developed (steps and actions). The Implementation Action Steps below outline action steps under both scenarios.

Objectives

The objective of this priority project is to:

Develop the DHHL commercial property located in Honokōhau. Developing this land would utilize the land that has been designated for commercial development within the North Kona region but has yet to be developed. This project would also help to realize revenue generation for both DHHL and the homestead community. The Kealakehe-La'i 'Ōpua community identified self-sufficiency as a community value, and revenue generation in Honokōhau from a commercial development could directly benefit the beneficiaries and further their goal of achieving self-sufficiency for the homestead.

Implementation Action Steps

The action steps for each policy-decision scenario are articulated below. However, it should be noted that the first step in either scenario would be for **DHHL to do an appraisal of the property to determine what market rent** could be.

Scenario 1: HHC policy decision to maximize revenue for the property (i.e. keep Island Plan commercial land use designation.)

This would require that DHHL adhere to HRS 103D restrictions on competitive sealed bidding and ethical procurement.

Step 1: Develop a request for proposals (rfp) solicitation.

The solicitation would include the scope for the project, background information about the property, any known constraints (i.e. limited water supply for North Kona, etc.), as well as the possible criteria for selection. The criteria might include: most rent or best offer, most experience in successful commercial

development, project proposal, community benefits package, as well as history of working with native Hawaiian organizations.

Step 2: Community Meeting or Meeting Series.

The meeting or series would discuss the contents of the solicitation, including reviewing the proposed selection criteria and develop the details of the community benefit package.

Step 3: Issue solicitation publicly adhering to HRS Section 103D-101 pertaining to ethical procurement and HRS Section 103D-302 pertaining to competitive sealed bids.

Step 4: Solicitation process

Step 5: Selection of the most qualified applicant based on the criteria

Step 6: Beneficiary Consultation meeting re: Developer's proposal.

This meeting would include DHHL announcing the selection to the attendees. The selected developer would be in attendance. The developer's proposal would be reviewed with the community. The community would be given the opportunity to give feedback, ask questions, and express any concerns they might have.

Step 7: Issue a right of entry for due diligence studies (subject to the approval of the HHC).

The applicant would be responsible for all Federal, State and County compliance, including HRS 343 pertaining to environmental impact studies (EA or EIS).

Step 8: HHC would approve the environmental impact study (EA or EIS)

Step 9: Based on beneficiary consultation meeting feedback (Step 6) and the findings of the environmental impact study (Step 8) DHHL would draft a term sheet of lease conditions and requirements for the developer's consideration. DHHL and developer would negotiate terms of a long-term lease until agreement is reached among both parties.

Step 10: Department would issue a long-term lease agreement (subject to the approval of the HHC).

Step 11: The developer would be responsible for all of the improvements on the site, including off-site improvements that are agreed upon prior to issuance of the lease.

Scenario 2: HHC policy decision – forgo fair market rent from the property in exchange for programs and services that would benefit DHHL beneficiaries in the region. (Amend DHHL Island Plan land use designation to Community Use).

In order for the commission to amend the land use designation, DHHL would need to justify the change of the land use designation and provide information to the commission regarding the potential loss of revenue for the Trust if the land is re-designated from commercial use to community use based on an appraisal of the property.

Step 1: Beneficiary Consultation Meeting. This community meeting would include discussion regarding the pros and cons of changing the land use designation for the Honokōhau lands from commercial to community use.

Step 2: Present the request for land use re-designation to the HHC. The decision is based on the information presented to the HHC from the Beneficiary consultation meeting as well as financial analysis of the effects of the land use change.

Step 3: HHC approves Island Plan land use designation amendment from commercial to community use.

Step: 4 HHC approves ROE entry permit to L2020 to the property to conduct due diligence studies including environmental impact studies (EA or EIS)

Step 5: HHC approves environmental impact study (EA or EIS)

Step 6: DHHL would draft a term sheet of lease conditions and requirements for L2020's consideration. DHHL and L2020 would negotiate terms of a long-term lease until agreement is reached among both parties.

Step 7: HHC approves long-term lease to L2020

Step 8: Monitoring and reporting. In lieu of paying fair market rent to DHHL, L2020 will be required to submit periodic reports on the programs and services it provides to DHHL beneficiaries. Report should include number of beneficiaries served and positive impact to those beneficiaries.

4. Establish a DHHL Kona District Office

DHHL has two District Offices that services beneficiaries on the island of Hawaii, one in East Hawaii (Hilo) and West Hawaii (Waimea). Organizationally, DHHL District Offices exist within the DHHL Homestead Services Division (HSD) under the District Operations Branch. HSD is involved in the direct servicing of homestead lessees and applicants for homestead leases. The District Operations Branch helps lessees and homestead applicants with a wide range of services including:

- Transfer of homestead leases
- Homestead lease amendments
- Successorship to a homestead lease
- Home modifications requiring a County building permit

The DHHL West Hawaii District Office has a large service area that spans the County districts of Hāmākua, North and South Kōhala, and North Kona. The service area includes DHHL homesteads in Waimea Nui, Kawaihae and Kealakehe-La'i 'Ōpua. In addition to the above services, the West Hawaii District Office has additional kuleana including road maintenance and repairs in Pu'ukapu, water billing and accounting of lessees on DHHL water systems in Pu'ukapu and Kawaihae, and managing the use of the Kūhiō Hall facilities in Waimea. Because the West Hawaii District Office is on island, it also serves as the "eyes" and "ears" of DHHL and communicates issues in the region to DHHL staff in Kapolei.

The West Hawai'i District Office for DHHL is located in Waimea, approximately 40 miles via Hawai'i Belt Road from the Kealakehe-La'i 'Ōpua homestead. Currently, the District manager travels to the Kona area twice per month on the 2nd and 4th Wednesdays to provide services to Kealakehe-La'i 'Ōpua beneficiaries. During the planning process, beneficiaries advocated for the creation of a DHHL District Office located in Kealakehe. This would allow for easier access to homestead services and assistance for the beneficiaries within the region. As new homesteads are developed in the region, the demand for homestead services provided by a DHHL District office will also increase. A permanent DHHL office located in Kealakehe would serve to meet this need.

Past Actions

No past action.

Community Input

During the beneficiary consultation meetings that were held as part of this planning process, beneficiaries expressed that they would like DHHL to establish a new District Office in Kona in order to provide more convenient and frequent access to homestead services and assistance. The distance from the Kealakehe-La'i 'Ōpua homestead to the West Hawai'i District office in Waimea is about a one-hour drive (one-way trip) and several beneficiaries have expressed their displeasure with having to drive that distance for homestead services. While the West Hawaii District Manager provides office hours in Kealakehe two-days a month (2nd and 4th Wednesday of each month), beneficiaries have expressed that this is not enough time and some of them have other obligations on Wednesdays that prevent them from meeting with the District Manager when he visits.

While beneficiaries have communicated their desire for a DHHL District Office in Kona, DHHL staff have expressed concern with creating a new Kona District Office in the near term due to the lack of current foot traffic and also because the current number of available positions in the West Hawaii District Office is low and services would be spread thin if one or more existing staff were to be assigned to Kona on a full-time basis.

The West Hawaii District Office has kept detailed records of monthly foot-traffic when the District Manager holds office hours in Kona (see Appendix __). Between the years of 2015-2018, the number of beneficiaries visiting the District Manager when he is in Kona ranges from a high of 13 beneficiaries visiting in a month to a low of zero beneficiaries visiting in a month. Furthermore, during this four-year period, there were 12 months during which foot-traffic to visit the District Manager was three persons or lower. Comparatively, there were seven months during 2015-2018 in which foot-traffic to visit the District Manager was 10 persons or higher. From 2015 to 2018 the average foot traffic visiting the District Manager when he is in Kona is roughly three persons per day.

(Total number of people per year / 24 visits per year = Average Daily Foot Traffic).

Without more information regarding beneficiary preferences from existing lessees, it is hard to predict whether daily foot traffic would increase or decrease in the near-term if a new District Office were established and DHHL staff were present in Kona on a full-time basis. Several beneficiaries have expressed that they would be more likely to visit the District Office if services were available in Kona more than two days per month. However, average daily foot traffic could also decrease if spread out over more days.

The West Hawaii District Office currently has three positions that are dedicated to providing homestead services. Reassignment of any of those positions on a full-time basis to Kona would significantly impact the current level of service that the office currently provides in Waimea. Thus, in order for a new Kona Office to be established, new positions would have to be created for a new Kona District Office.

As of May 2019, there are 508 residential lessees in the Kealakehe region and at the current level of beneficiary demand for homestead services and current DHHL staffing level describe above, it does not appear that the establishment of a new Kona DHHL District Office is warranted at this time. However, looking ahead to the future, the 2009 DHHL West Hawaii Plan Update projects that at full build-out, there could be approximately 2,800 residential homesteads in the Kealakehe region. Based on full-buildout projections, a DHHL Kona District Office will be necessary. The question no longer becomes *whether* a Kona District Office is needed, but *when* should DHHL establish a Kona District Office. The Implementation Action Steps below articulate a strategy to help DHHL and Villages of La'i 'Ōpua Association (VOLA) to identify *when* a Kona District Office should be established and *what* the steps are to establish a new district office.

Objectives

The objective of this priority project is to:

Increase DHHL support of the people of the Kealakehe-La'i 'Ōpua region. Establishing a permanent district office dedicated to providing convenient and more frequent services to beneficiaries should help in increasing education and assistance opportunities for native Hawaiian families in the region.

Implementation Action Steps

The action steps to accomplish the above objective includes:

1. Gather additional beneficiary input. VOLA should conduct a survey of their membership to get a better understanding of the existing demand for homestead services. This survey would provide input on the following:
 - a. How often do beneficiaries need service; what days would they prefer?
 - b. What kind of service(s) are needed?

The survey would identify the different types of services that would be required to better inform the type of staffing needed, better gauge potential foot-traffic, and day(s) of service that would be most convenient for beneficiaries in the region to have the District Manager visit Kona.

2. Project the future development of homesteads in the region. DHHL should examine its plans for development of homesteads within the region which will include the number of new homesteads expected to be built as well as potential timeframes for completion of these projects. This should provide a better understanding of future increases in demand for services.
3. Develop a methodology to Identify the “threshold of demand needed” needed in order to establish a Kona District Office. DHHL should further collect and research service data from other district offices as a basis

of comparison in order to identify how much demand i.e. homestead leases would be needed within the region in order to justify a permanent office and the staffing needed to provide services. As stated previously, monthly demand at present for the Kona region is on average three persons per day during the two times per month that the District Manager holds office hours in Kona.

Other information that would be useful to collect is the ratio of lessees in a District Office region to number of staff positions in the district office.

DHHL should also work with VOLA to reach an agreement and understanding on the methodology to identify a “threshold of demand” so that there is common understanding and expectations amongst both organizations.

4. Compare DHHL homestead development schedule with the projected “threshold of demand”. Based on that comparison, DHHL will identify a point in time where the level of demand from the homestead meets DHHL’s established threshold of demand for homestead services. Based on that comparison, DHHL can start to plan to establish a district office in the region at that time.
5. Identify a location based on staffing level and office space requirements. Possible locations mentioned during beneficiary community meetings include renting space at the L2020 community center. Another possibility is to rent space at the County West Hawaii Civic Center or other government facility in Kona. Development of a new office facility is also possible, but not preferred due to the cost of development.
6. Obtain Legislative approval for new DHHL positions and also approval for associated funding needed for both the office space and the creation of new staff positions for the Kona District Office. The Kaua’i District Office has an operating budget of \$223,500, and a personnel budget of \$146,496 for fiscal year 2020. The total cost for the Kaua’i District Office is \$369,996 for the fiscal year. This office provides space for two staff personnel and is comparable to what the need in Kealakehe-La’i ‘Ōpua might be.
7. Create new positions to staff the Kona office. Some of the basic steps and approvals when creating new positions in a state agency include but are not limited to:
 - a. Agency director (HHC Chairman) approval to initiate an organizational or functional change;
 - b. Preparation of Functional Statement and Organization Chart of the new office;
 - c. Consult with any affected staff and respective Public Employee Union representatives;
 - d. Address any Union questions or concerns;
 - e. Prepare position descriptions to reflect duties of affected existing positions;
 - f. Post position descriptions publicly to solicit qualified and interested individuals to apply;
 - g. Hire staff and fill positions.

5. Renewable Energy Initiative – PV Farm in ‘O‘oma

In an effort to eliminate Hawai‘i’s dependence upon fossil fuels and reduce our carbon footprint, the state of Hawai‘i became the first state in the nation to launch an initiative to move towards 100 percent renewable energy production by the year 2045. In response to this initiative and goal to produce 100 percent renewable energy, the state’s electric

utility companies (HECO and its subsidiaries MECO, HELCO) have created a program to buy renewable energy from energy producers that are selected through a competitive bidding process, such as a request for proposals (RFP), which results in a negotiated Power Purchase Agreement (PPA) where the utility company agrees to buy renewable energy from a producer at an established price. The renewable energy that is produced would be transmitted into the utility company’s grid and sold to its customers. In order to participate in the competitive bidding process, renewable energy producers need to demonstrate that they have site control of the location where they will be producing the energy. This priority project outlines the key steps to participate in the HECO competitive bidding process in the hopes of securing a PPA from the utility company and would be built on DHHL lands in Kalaoa, north of Kealakehe designated for commercial and industrial use in the DHHL Hawai‘i Island Plan. This project would include partnerships with DHHL, the Hawaiian Electric Company (HECO), and local partners within the North Kona region.

Past Actions

- **2009.** DHHL adopts Ho‘omalū Energy Policy: To enable native Hawaiians and the broader community working together to lead Hawai‘i’s effort to achieve energy self-sufficiency and sustainability.
- **2015.** House Bill 623 was signed into law by the Governor which aims to source 100 percent of the State’s energy needs with renewable sources by 2045.
- **2018.** First round of RFPs solicitation from HELCO was released. DHHL initiates its own solicitation process for its Kalaoa lands in the hopes of attracting energy developers interested in leasing DHHL lands. Through its solicitation process, DHHL receives interest from two private renewable energy developers including the ‘O‘oma Homestead Alliance (L2020 and its partners). DHHL selected the ‘O‘oma Homestead Alliance as the other applicant withdrew its application.
- **2018.** The ‘O‘oma Homestead participated in HELCO’s first solicitation for the RFP. However, this project was not selected for a power purchase agreement by HELCO.

Community Input

L2020, and VOLA support the development of a PV farm in Kalaoa. Like the Honokōhau Commercial Development Priority project, L2020 is not only supportive of a PV farm in Kalaoa, but is also interested in taking a more active role as the developer for a renewable energy project and has established partnerships with experienced professionals in order to do so. L2020 and its partners formed a partnership called the ‘O‘oma Homestead Alliance for the purposes of this PV project.

These lands are designated for commercial and industrial use in the DHHL Hawai‘i Island Plan which indicates that the Hawaiian Homes Commission’s policy for these lands is to maximize revenue generation on these lands for the DHHL trust. During the 2018 HELCO solicitation process, ‘O‘oma Homestead Alliance was selected by DHHL. However, ‘O‘oma Homestead Alliance was not selected by HELCO to be on the “short list.”

However, because DHHL and the selected developer were not chosen by HELCO in the first round of PPA solicitation, DHHL may have other opportunities to re-solicit its Kalaoa lands in future rounds of HELCO PPA solicitations. This assumes that no other project located in West Hawai‘i is selected and absorbs HELCO’s supply needs. Likewise, this provides the ‘O‘oma Homestead Alliance another opportunity to apply in DHHL’s solicitation

process. However, the beneficiaries that are a part of the ‘O‘oma Homestead Alliance feel that DHHL should give preference to ‘O‘oma in the selection process because it consists mostly of DHHL beneficiaries in the region and because a larger portion of revenue generated from a PPA would be re-invested into social programs and services that would benefit DHHL beneficiaries in the region. Like the Honokōhau priority project, DHHL and the Hawaiian Homes Commission has a policy decision to make, select the developer (which could be the ‘O‘oma Homestead Alliance) that would maximize revenue generation to the trust and give DHHL lands the best chance to be selected in HECO’s PPA RFP or directly award a long-term lease to the ‘O‘oma Homestead Alliance to better benefit beneficiaries in the region.

It should be noted that should DHHL and an energy developer be selected by HECLO for a PPA and that developer is not ‘O‘oma Homestead Alliance, beneficiaries in the region could still benefit by negotiating a community benefit agreements with DHHL and the developer. However, it is most likely that any community benefits package that is negotiated among DHHL, a developer, and the community would be far less than the amount of resources and benefits that would be provided to the community if ‘O‘oma Homestead Alliance was the developer as community benefit agreements involve a percentage of the overall revenue that the developer generates from the PPA.

Objectives

The objective of this priority project is to:

Increase the energy self-sufficiency within the region. Supporting the development of a renewable energy initiative project in the North Kona district will directly support the community’s vision to achieve self-sufficiency for the homestead. This objective is also aligned with reaching the State of Hawai‘i’s Clean Energy goals, as well as the Department of Hawaiian Home Lands’ Energy Policy commitments.

Implementation Action Steps

The action steps to accomplish the above objectives include:

1. Beneficiary Consultation to identify potential benefits DHHL should include in a community benefits agreement. If the ‘O‘oma Homestead Alliance is not selected in the competitive solicitation process to be the developer/renewable energy producer for this project, a community benefits package should be prepared and included in the solicitation from DHHL that will be a requirement of the entity selected. The types of community benefits included could be:
 - a) Revenue from the project that goes to the community.
 - b) Training & professional development to provide job opportunities. This would require the developer to provide training and make positions available for beneficiaries within the project.
2. DHHL’s initiates internal selection process. As the HECO solicitation process has a narrow timeframe from response to selection, DHHL must complete an internal selection process prior to responding to the HECO RFP solicitation.
 - a) Competitive solicitation. A competitive solicitation process for DHHL to select a developer/renewable energy producer is required by law. As such, DHHL is unable to give preference to beneficiaries in the selection process. In order for the community to be selected by DHHL as a developer/renewable energy producer, the community

- would need to compete against all other respondents to the RFP solicitation for DHHL and be selected based on the same criteria used to evaluate all respondents.
- b) DHHL selects developer based on the results of the competitive solicitation process.
 - c) DHHL and the selected developer negotiate preliminary terms and conditions of an agreement; Community benefits identified in Step 1 should be integrated into the preliminary agreement where possible.
 - d) DHHL conducts a beneficiary consultation meeting with beneficiaries in the Kealakehe region with the selected developer to get feedback on the preliminary agreement.
 - e) DHHL and developer revise preliminary agreement based on feedback from beneficiary consultation where possible.
 - f) Hawaiian Homes Commission conducts two public hearings in West Hawai'i proposed development agreement.
 - g) Hawaiian Homes Commission makes a decision to approve or deny a Right-of-Entry Permit to the developer to do due diligence studies including environmental assessment on the property.
3. Respond to HELCO's RFP solicitation for renewable energy producers. HELCO selects developer to enter into a PPA with the utility company.
 - a) Receive approval from HELCO.
 4. Final PPA between HELCO and developer is approved by the Public Utilities Commission (PUC).
 5. Obtain Entitlements and permits (Environmental/Zoning/Subdivision).
 6. Complete the Planning and Design Process.
 7. Begin Construction.
 8. Energize.