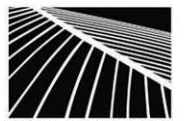




DEPARTMENT OF HAWAIIAN HOME LANDS

WEST

HAWAI'I ISLAND PLAN UPDATE



PBR HAWAII
& ASSOCIATES, INC.

January 27, 2009



DEPARTMENT OF HAWAIIAN HOME LANDS

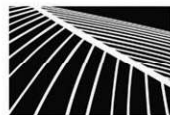
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HAWAI'I ISLAND PLAN UPDATE



FINAL REPORT

Prepared by



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January 27, 2009

DEPARTMENT OF HAWAIIAN HOME LANDS
WEST HAWAI'I ISLAND PLAN UPDATE

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1.0

INTRODUCTION

1.0 INTRODUCTION

1.1 Overview of the Department Hawaiian Home Lands

The Department of Hawaiian Home Lands' (DHHL) mission is to manage the Hawaiian home lands trust effectively and to develop and deliver lands to native Hawaiians. DHHL will partner with others towards developing self-sufficient and healthy communities. [DHHL General Plan, 2002]

The Hawaiian Homes Commission Act (HHCA) was passed by the U.S. Congress in 1921 to implement the policy of "Aina Hoopulapula", from the land native Hawaiians flourish. Certain public lands were set aside under a public trust for settlement by native Hawaiians defined as "any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian islands previous to 1778."

As a condition under the Admission Act of 1959, the HHCA was adopted as a provision of the Hawaii State Constitution. The U.S. Congress and U.S. Secretary of the Interior maintain certain oversight and approval authority. Title to Hawaiian home lands and its assets were transferred to the State of Hawai'i. The Hawaiian Homes Commission is the sole entity responsible to administer the HHCA, manage its assets, and determine the use of Hawaiian home lands. As trustee, the Hawaiian Homes Commission is charged with using reasonable and prudent care and skill in serving the interests of native Hawaiians.

Major elements of the HHCA program include:

- Development of offsite and onsite infrastructure to support home, agricultural, farm and ranch lots such as roads, water, sewer, drainage, and community areas and facilities;
- Provision of 99 year homestead leases at one dollar per year with the authorization to extend the leases an additional 100 years;
- Provision of home, agriculture, aquaculture, farm and ranch loans through direct, guaranteed, and insured loans and financial literacy training;
- Home construction through developer, owner-builder, and self-help methods and providing homeowner training;
- Rehabilitation projects that include educational, economic, political, social, and cultural processes to improve the general welfare of native Hawaiians, including increased homestead community capacity-building and self-determination; and
- The ability to receive public and private funds, to generate its own revenues to support its trust purposes, to borrow funds.

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Major indicators of program activity include:

Table 1 - DHHL Program Activity Levels, FY 2007 and FY 1997

INDICATORS	AS OF 6-30-2007	AS OF 6-30-1997
Homestead Leases	9,110	6,428
Homestead Applications	38,481	29,162
No. of Loans	4,271	2,827
Value of Loans (All Sources)	\$389,566,000	\$142,185,000
Land Revenues (All Dispositions)	\$9,848,110	\$5,775,105
Acres of Hawaiian Home Lands	203,151	197,075
Acres of Land in Homesteads	45,566	40,464

Source: DHHL Annual Reports

1.2 DHHL Planning System

The DHHL *General Plan*, approved in February 2002, provides guiding principles for the use and development of Hawaiian home lands, its assets and program areas. Goals and objectives are provided for land use planning, residential uses, agricultural and pastoral uses, water resources, land and resource management, economic development and building healthy communities.

The *Hawaii Island Plan*, approved in December 2002, implements the goals and objectives of the DHHL *General Plan*. This is accomplished primarily by assessing the land base and designating the appropriate land uses for a twenty year period for five sections of the island (North, South, East, West and Central Hawai'i). The planning design included: baseline analysis of physical and environmental conditions, beneficiary surveys, infrastructure costs, and regulatory issues, community participation on the draft plan, and final land use analysis and recommendations.

Since that time, DHHL has acquired a significant amount of new land throughout the State and has started to invest trust funds in major offsite and onsite facilities to support development of new master planned homestead communities. Opportunities exist for DHHL to set aside a small portion of its lands to generate revenues to support its homesteading and community development mission.

1.3 Island Plan Update Planning Process

West Hawai'i is one region which has experienced major changes since 2002. The inventory of Hawaiian home lands in this region is expected to increase by 605 acres from 893 acres to 1,498 acres. The new homestead community at Kealakehe has been established and there exists a strong demand for more residential homesteads there. The

DHHL Planning System

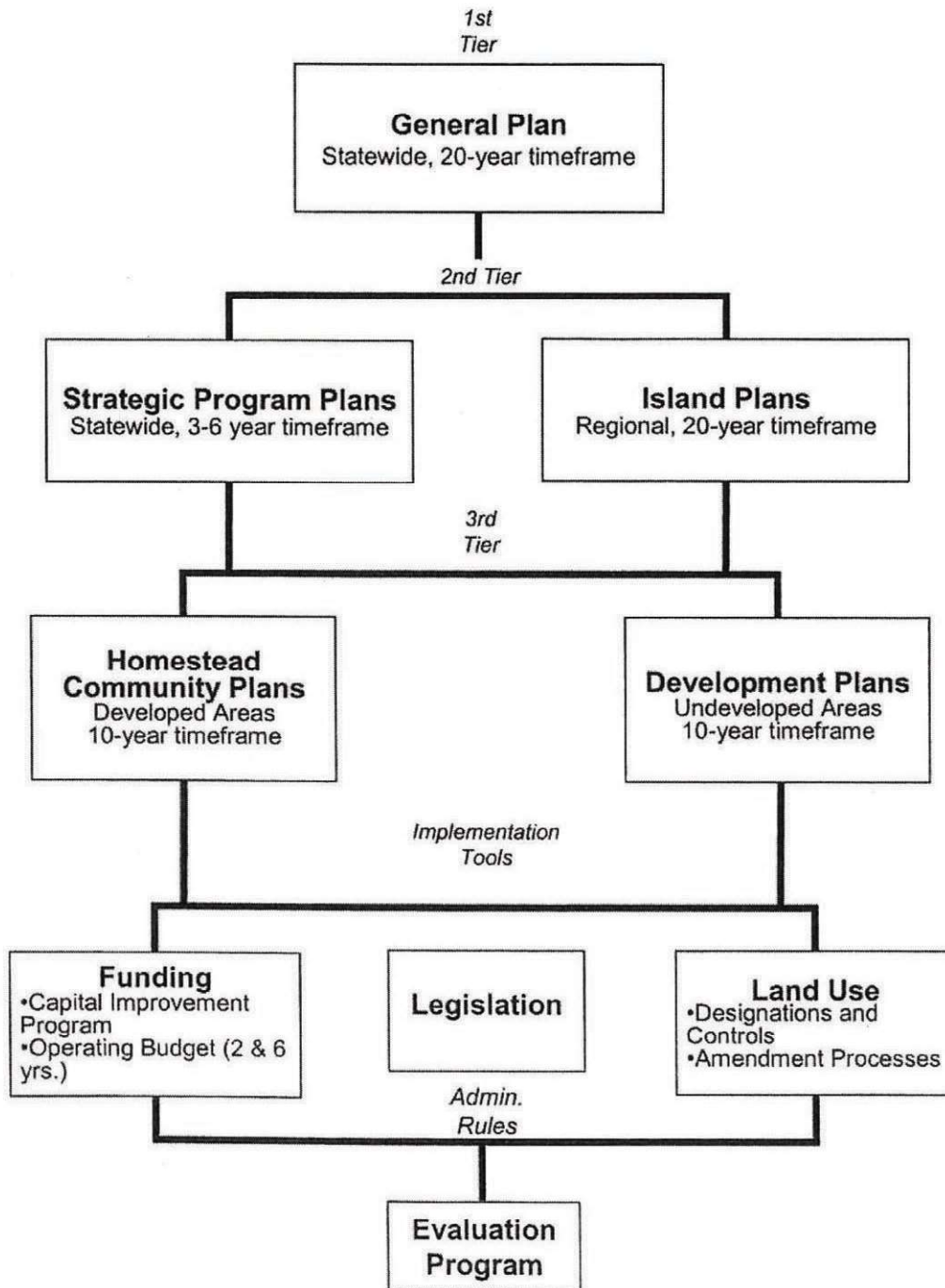


Figure 1
DHHL Planning System
WEST HAWAI'I ISLAND PLAN UPDATE
Department of Hawaiian Homelands

Island of Hawai'i



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West Hawai'i economy has grown significantly, providing opportunities for homestead jobs and DHHL revenues. There is a need to update the West Hawai'i region to reflect these changing resources and opportunities.

To provide the Department of Hawaiian Home Lands (DHHL) with an evaluation of its current land holdings in the West Hawai'i region on the island of Hawai'i, and to provide an update as to the planning basis for determining preferred land uses, and appropriate management, development, and dispositions, over time.

The inventory and assessment of the West Hawai'i region provides DHHL with information required to assist in determining immediate land planning and management needs for the subject parcels. These include (1) physical and environmental conditions, (2) infrastructure and utility conditions, (3) land use regulations of the specific parcel and surrounding areas, (4) water resources including potable and non-potable, and (5) other natural resources that may be available. While DHHL lands are not always subject to standard State and County land use regulations, it is important to note that these land use designations reflect previous land analysis, as well as the potential reluctance on the part of regulatory agencies to accept development other than the type designated. For these reasons, regulatory boundaries were considered in the analysis.

To systematically incorporate planning factors such as views, ocean access, easement, noise, existing facilities and infrastructure, regulatory controls, etc., a composite map system was used as a site assessment technique to evaluate the suitability of each tract for homesteading or higher-intensity uses. By defining these site characteristics, and summarizing them in terms of planning opportunities and constraints, each tract's highest and best use can be derived. For larger tracts, the site analysis process is also used to determine appropriate areas for homesteading and high intensity/high revenue land uses. By identifying some of DHHL's land resources for higher revenue uses, funds can be generated to develop homesteads for its beneficiaries at more appropriate locations. Therefore, the land uses for each of the tracts has been recommended relative to DHHL goals and objectives.

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1.4 Land Use Designations

Table 2 - DHHL Proposed Land Use Designations

PROPOSED USE	SETTING/INTENT/PURPOSE	LOT SIZE	MINIMUM INFRASTRUCTURE
Residential	Residential subdivisions built to County standards in areas close to existing infrastructure. Residential waiting list.	< 1 ac.	Potable water, all utilities, paved roads
Subsistence Agriculture	Small agriculture/aquaculture lots. Marginal to good lands. Lifestyle areas intended to allow for home consumption of agricultural products. Occupancy required. Agriculture waiting list. Close proximity to existing infrastructure.	< 5 ac.	Water (catchment or surface) and Road access (unpaved)
Supplemental Agriculture	Large lot agriculture/aquaculture. Marginal to good lands. Location not dependent upon existing infrastructure. Commercial level agriculture activity allowed. Intended to provide opportunities for agricultural production for supplemental income and home use. Occupancy optional. Agriculture waiting list. Farm plan required – 2/3 cultivation.	< 40 ac.	Water (catchment or surface) and Road access (unpaved)
Pastoral	Large lot agriculture specifically for pastoral uses. Marginal lands.	< 1,000 ac.	Irrigated < 100 acres or non-irrigated > 100

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PROPOSED USE	SETTING/INTENT/PURPOSE	LOT SIZE	MINIMUM INFRASTRUCTURE
	Pastoral waiting list. Some commercial level pastoral activity. Farm plan required. Fencing required.		acres, road access (unpaved)
General Agriculture	Prime agricultural areas. Commercial level agriculture.	TBD	N/A
Special District	Areas requiring special attention. Natural Hazard areas, open spaces, mixed uses, resorts, green-ways.	TBD	To be determined
Community Use	Common areas for community uses. Includes space for parks and recreation, cultural activities, community-based economic development, and other public amenities.	TBD	County Standards
Conservation	e.g., water sheds, endangered species, sensitive historic and cultural sites.	TBD	N/A
Commercial	e.g., retail, business and commercial activities.	TBD	County Standards
Industrial	e.g., processing, construction, manufacturing, transportation, whole sale and warehousing.	TBD	County Standards

Source: DHHL Hawaii Island Plan



2.0

MARKET ASSESSMENT/
DEVELOPMENT TRENDS

2.0 MARKET ASSESSMENT/DEVELOPMENT TRENDS

2.1 Kona: An Overview of a Growing Region

Kona's growth is not limited to tourism development. There are many indicators that clearly show long-term growth and development. Between 1990 and 2000, Hawai'i County's population increased approximately 24 percent. North Kona in particular grew by 28 percent during the same period. During the same period, the number of families in North Kona increased from 5,533 to 7,214, an increase of 30 percent. Although the median age of 39.2 years for North Kona residents is higher than both the County and State (38.6 and 36.2 respectively), children under the age of eighteen (18) comprise 24 percent of the region's population.

Parallel to this growth, the number of housing units increased from 9,990 in 1990 to 13,960 in 2000. This increase in the ten-year period represents a growth of 40 percent.

Increase in population and other demographic trends will invariably trigger greater demand for additional infrastructure and services to meet the needs of Kona's residents.

In response to West Hawai'i's population growth, the County government is in the process of constructing a \$50 million, 85,000 square-foot West Hawai'i Civic Center. The new civic center will house twenty-two (22) County agencies to help better serve West Hawai'i residents.

Additional infrastructure improvements in the region include the Ane Keohokalole Highway, a multi-modal arterial roadway which will relieve traffic congestion along West Hawai'i roadways.

The Department of Hawaiian Home Lands is in the middle of developing its La'i 'Ōpua sub-division which will place many native Hawaiians on the land.

Economic Overview

Over the last ten years, growth in the Kona region has been strongly driven by the tourism industry. In addition to providing direct employment for island residents in the various resorts and timeshare operations, tourism generates jobs in construction, distribution, retail, and other ancillary services. The economic slowdown from the beginning of 2008 has had a direct impact on tourism numbers. The bankruptcy of Aloha Airlines and the reduction of airline seats into the State have directly affected hotel occupancy rates in Kona. In a recent First Hawaiian Bank Economic Forecast report, Hawai'i County's unemployment rate is anticipated to reach 4.4 percent.

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Despite a relatively negative economic outlook for the upcoming year there are many opportunities in the Kona region that will contribute to long-term development and will ultimately help further diversify the local economy.

The Natural Energy Laboratory of Hawai'i Authority (NELHA) is home to a diverse number of businesses that focus on marine technology and sciences. Not only is the technology park directly employing several hundred area residents, the park serve as an incubator for new businesses in the region. Kona Blue, a fish farm that specializes in raising, kāhala, or amberjack for export is one of the many businesses that generate jobs in areas outside of the tourism industry.

The University of Hawai'i is currently planning to develop their West Hawai'i campus in Pālamānuī, north of Kona. Once completed, the new campus will not only provide academic and administrative jobs in the region, but also will have a multiplier effect on the local economy. For example, based on an economics study, expenditures from the University of Hawai'i Hilo campus generate \$135 million into the East Hawai'i economy. However, when taken into consideration multiplier effects on the economy, the actual total is closer to \$200 million. The completion of the West Hawai'i campus will undoubtedly have a similar effect on Kona's regional economy.

Development Trends

The following list is a compilation of developments that are projected to occur in the North Kona region (See Figure 2).

- 1) **Hualālai Resort (8,851 acres).** Located on approximately 8,851 acres on the Kohala Coast, the Hualālai Resort is a planned residential/resort community. In 2007, MSD Development, owner of Hualālai Resort purchased the neighboring 86 acre Kona Village Resorts. Across Queen Ka'ahumanu Highway, Hualālai Resorts is currently discussing with Kamehameha Schools to develop 7,800 acres of land mauka of the existing resort.
- 2) **WB Kūki'o (957 acres).** Directly adjacent to the Hualālai Resort is the Kūki'o Beach Club. Kūki'o is a planned residential community with an 18-hole golf course. Archaeological sites and the historic Ala Kahakai Trail are integrated into the residential community.
- 3) **State of Hawai'i (54,112 acres).** By far the State is the single largest landholder within the immediate area of the Kona International Airport. While a majority of the lands are unencumbered and not in current active use by the State, there are several properties in the immediate vicinity of the Kona International Airport that are actively utilized.

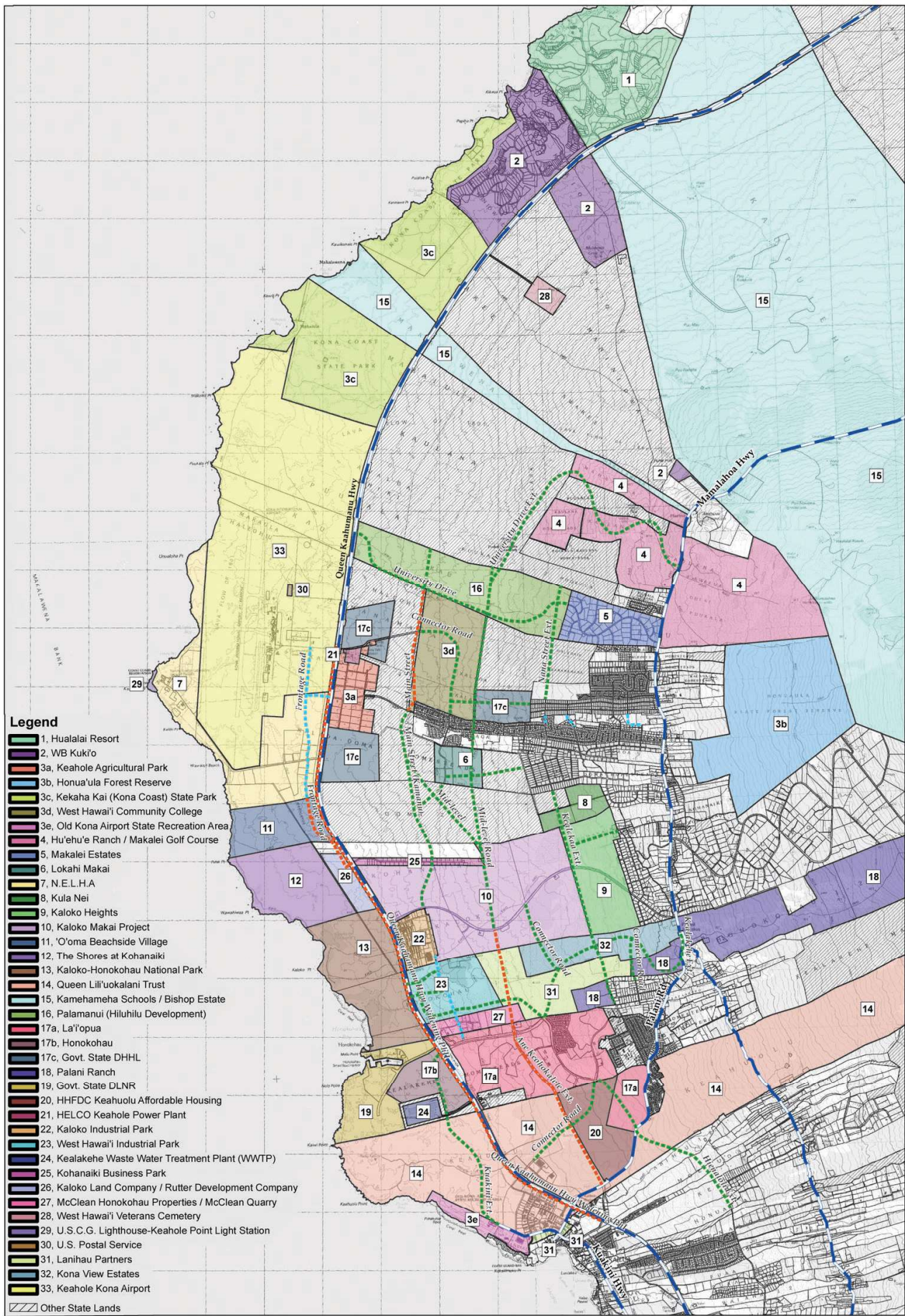
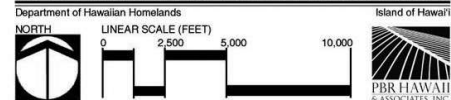


Figure 2
North Kona Regional Map
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WEST HAWAI'I ISLAND PLAN UPDATE

- a) **Keāhole Agricultural Park (179 acres).** This 179 acre agricultural park is subdivided into 34 individual lots where tenants are allowed to grow various crops and other agricultural products. The majority of existing tenants grow plumeria and other native plants for the landscaping industry. Approximately half of all agricultural park tenants have also built homes on their lots.
 - b) **Honua'ula Forest Reserve (2,504 acres).** The Honua'ula Forest Reserve is located mauka of the Kona International Airport. The forest reserve is home to many indigenous plants species such as 'ōhi'a and koa. Cattle were finally removed from the reserve in 2003 to prevent the further destruction of reserve lands. Replanting of koa and other indigenous plants are currently underway.
 - c) **Kekaha Kai (Kona Coast) State Park (1,154 acres).** Split in half by a parcel of land owned Bishop Estate, Kekaha Kai State Park can be accessed from Queen Ka'ahumanu Highway via an unpaved road. The southern portion, Mahai'ula has a sandy beach while access to Manini'owali (Kua Bay) is accessible via the ancient Ala Kahakai Trail.
 - d) **West Hawai'i Community College (500 acres).** The proposed 500 acre lot has been earmarked for a West Hawai'i Community College. Currently, students are allowed to work with the University of Hawai'i Center: West Hawai'i as a remote learning center. Students are currently allowed to complete online coursework. The current status of the college is yet to be determined until a project site is finalized for development.
 - e) **Old Kona Airport State Recreation Area (116 acres).** In 1970, the Old Kona Airport was shut down and converted into a state park. The runway is converted into a parking lot for park users.
- 4) **Hu'ehu'e Ranch/Makalei Golf Course (1,647 acres).** Originally part of the Hu'ehu'e Ranch, the parcels were sold off with the intention of developing it into an agricultural subdivision with homes, a golf course, cattle ranch, and equestrian facilities. Within the last fifteen years, the parcels have changed ownership three times. In the mean time, Makalei Hawai'i Corporation developed the existing Makalei Golf Course. In April 2008, under pressure from difficult economic circumstances, Lynch Investments, the current owner of the properties was forced to sell under foreclosure. Parcels were auctioned on May 15th, 2008.
 - 5) **Makalei Estates (246 acres).** Makalei Estates is a 246 acre residential housing west of the Hu'ehu'e Ranch property. Each individual lot is approximately three acres. All 77 lots are zoned Ag-3.
 - 6) **Lokahi Makai (126 acres).** Lokahi Makai is a planned 191 unit residential community located on the makai portion of Kona Palisades. All newly built homes are in process of being constructed.

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- 7) **Natural Energy Laboratory of Hawai'i Authority (NELHA)/Hawai'i Ocean Science Technology (HOST) (548 acres).** NELHA/HOST serves as a science technology park that focuses on research, education, and commercial activities that support sustainable industry development which makes use of deep seawater resources. Currently, there are over approximately thirty tenants on NELHA/HOST land. In addition to various research institutions such as the University of California at Santa Cruz, University of Hawai'i Infrasound Laboratory of Hawai'i, and Oceanic Institute, private operations such as Big Island Abalone and Searider Seahorse Farms are some of the unique tenants at NELHA. Three tenants utilize the park's deep seawater pumps to collect water rich with minerals which are then bottled for consumption. Combined, NELHA tenants generate between \$30-40 million in annual in revenue and provide jobs for over two hundred people.
- 8) **Kula Nei (128 acres).** In 2006, the Shopoff Group proposed to the State to develop approximately 270 residential units with up to 220 single family home units. In addition to these homes, the development will include a 2.5 acre community park, community trails and all related infrastructure necessary for the community. The proposed homes would serve the primary housing market.
- 9) **Kaloko Heights (394 acres).** Stanford Carr Development purchased the lands in 2005 to begin construction of a 1,500 unit master planned community. Homes are projected to be moderately priced.
- 10) **Kaloko Makai Project (1,144 acres).** Originally purchased by the TSA Corporation in the 1980's Kaloko Makai was then purchased by the MID Corporation in 1997. Through a partnership with Stanford Carr Development (SCD), the existing parcels of land are proposed to be converted into a mixed-used planned community with 5,000 units of single-family and multiple-family homes. In addition to the residential units, recreational facilities, trails and space set aside for schools are also planned to be incorporated into the master plan. Current plans also call for preservation of the existing native dryland forest.
- 11) **'O'oma Beachside Village (303 acres).** 'O'oma Beachside Village is a planned community south of the Kona International Airport along the Kohala Coast. In addition to building residential homes, developers also plan to incorporate a mixed-use village center, a smaller private beach club with mixed-use facilities, community parks, shoreline park with a public canoe hale, and pathways for beach access. With this "live-work-play" model of development, the proposed 'O'oma Beachside Village project aims to mitigate additional traffic congestion on the Queen Ka'ahumanu Highway by creating homes, jobs, and recreational activities all in one area.

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- 12) **The Shores at Kohanaiki (442 acres).** The Shores at Kohanaiki is a 500-unit golf course community under development by Kennedy Wilson and Rutter Development. Existing shoreline, anchialine ponds, and historic areas on site are proposed to be preserved. Housing will be set back at least 400 feet from the shoreline. In addition to a golf course and clubhouse, tennis courts, and workout facilities will also be incorporated into the design. A shoreline park is proposed, with parking, an 8,000 square foot beach facility, with snack bar, restrooms and showers.
- 13) **Kaloko-Honokōhau National Park 1,160).** The 1,160 acre Kaloko-Honokōhau National Park stretches along the Kohala Coast. In addition to being home to a vast array of native Hawaiian birds, the park also preserved the Kaloko Fishpond, a native Hawaiian rock structure which fostered their ability to live off the land in a sustainable manner.
- 14) **Queen Liliu'okalani Trust (3,517 acres).** In 1909, Queen Liliu'okalani bequeathed her personal fortune toward the creation of a trust for orphan children. From this initial generous gift the Queen Liliu'okalani Trust was created. Funds generated from trust lands provide resources promote the healthy growth of children through fostering strong family relations and stable home environments within the community. Trust lands in the Kona area include the Makalapua Center which includes cinemas and a Macy's Department Store, Queen Liliu'okalani Children's Center, and Kona Industrial Sub-division.
- 15) **Kamehameha Schools/Bishop Estate (KSBE) (22,120 acres).** Kamehameha Schools is the largest private landowner in the State of Hawai'i. Kamehameha Schools is a private, charitable, perpetual trust dedicated to the education of Hawaiian children and youth. Established in her will of 1883, the Kamehameha Schools is a legacy of Princess Bernice Pauahi Bishop, great-granddaughter and last direct royal descendant of King Kamehameha the Great. Income generated from numerous investments, and residential, commercial, and resort leases, fund the schools' maintenance and educational services. Unencumbered lands owned by KSBE are designated as unique resource lands for probable educational/cultural program expansion.
- 16) **Pālanui (Hiluhilu Development) (725 acres).** Pālanui is a master planned community, which will include single and multiple-family residential units, University residential facilities, health facilities, research and development facilities, mixed commercial development, a small hotel, archaeological preserves, cave and lava tube preserves, a dry forest preserve, passive and active parks, open space and parking areas. Pālanui will provide the infrastructure facilities to support the Pālanui Development.

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- 17) **Department of Hawaiian Home Lands (DHHL) (1,407 acres).** DHHL's mission is to manage effectively the Hawaiian Home Lands Trust and to develop and deliver lands to native Hawaiians. DHHL manages 1,400 acres in the Kona area.
- a) **La'i 'Ōpua.** The La'i'ōpua homestead lands lay north of Kailua-Kona. La'i'ōpua itself is comprised of three areas; Honokōhau, Keahuolū, and the Villages of La'i'ōpua. The Villages of La'i'ōpua is a master planned community with fourteen different villages, single and multi-family residential units, recreational facilities, community facilities, neighborhood/commercial complexes, several parks, and several archaeological preserve sites.
 - b) **Honokōhau.** The 200 acre Honokōhau parcel is currently leased to Kona Marina Development Group, LLC ("Kona Marina"), which is an affiliate of Jacoby Development Incorporated. Kona Marina proposes to develop the Kona Kai Ola master-planned mixed-use development project on the 200 acre parcel.
 - c) **Other lands (482 acres).** Other DHHL lands nearby the Kona International Airport are currently zoned for residential and industrial use.
- 18) **Palani Ranch (2,521 acres).** With constant growth of the Kona area changing the landscape of the Kohala Coast, Palani Ranch has begun the process of repositioning their role in the community. Lands in the mauka region will be primarily reserved for pastoral usage. Lands closer to Māmalahoa Highway have been identified as areas that have the potential to be transformed into commercial, residential, and farm lot subdivisions. In the southern portion of the Palani Ranch parcels is the Hualālai Academy, a private school for grades K-12.
- 19) **Department of Land and Natural Resources (DLNR) (330 acres).** DLNR is the owner of approximately 330 acres, located adjacent to DHHL's 200 acre Honokōhau parcel and the existing Honokōhau Small Boat Harbor. The State of Hawai'i Board of Land and Natural Resources (BLNR) entered into a Development Agreement with Kona Marina Development Group, LLC in 2005 to develop the Kona Kai Ola master-planned mixed use development project. The Development Agreement was terminated in 2008 by BLNR and the parcel remains vacant and undeveloped.
- 20) **Hawai'i Housing Finance and Development Corporation (HHFDC) Keahuolū Affordable Housing (272 acres).** The HHFDC was created in 2006 to increase the availability of affordable housing within the State of Hawai'i. Funding for master plans and EIS were received in 2006. In July 2007, HHFDC received title of ownership for the Keahuolū parcel.
- 21) **HELCO Keāhole Power Plant (15 acres).** The Keāhole Power Plant is located mauka of the Kona International Airport and immediately adjacent to the Department of Agriculture's Keāhole Agriculture Park farm lots. Keāhole's

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Megawatt (MW) output represents 24 percent of HELCO's island-wide production capacity. The plant's current capacity of 65.3 MW helps serve the Big Island's 76,000 customers.

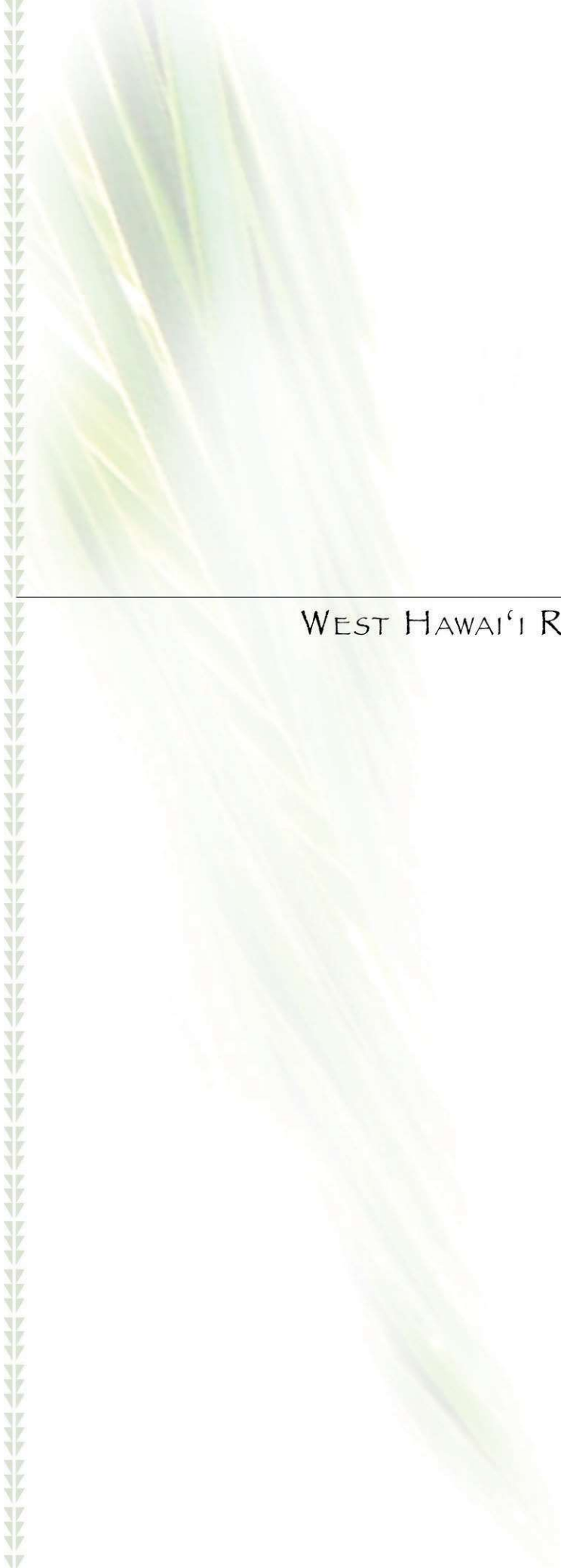
- 22) **Kaloko Industrial Park (215 acres).** Kaloko Industrial Park is host to many small commercial enterprises. Average lot size is approximately 2.9 acres. The largest parcel tenants in the area are Costco Wholesale and Home Depot.
- 23) **West Hawai'i Industrial Park (326 acres).** Situated mauka of the Queen Ka'ahumanu Highway, the West Hawai'i Industrial Park is currently a quarry site. However, the site is currently classified as a conservation zone. In order for the site to be converted into an industrial zone, re-zoning will be necessary.
- 24) **Kealakehe Waste Water Treatment Plant (WWTP) (53 acres).** The Kealakehe WWTP is managed by the County of Hawai'i. Coverage for the WWTP is for North and South Kona. Projected average design flow for this facility is 7.82 million gallons per day (MGD). Currently, approximately 6.21 MGD of raw sewage is processed at Kealakehe.
- 25) **Kohanaiki Business Park (62 acres).** Kohanaiki Business Park is divided into two different phases. There are approximately 44 lots that are one acre in size. Existing businesses at the park include; crematory services, trucking, and other light industrial and commercial operations.
- 26) **Kaloko Land Company/Rutter Development Company (93 acres).** Rutter Development, the owner of Kaloko Land Company is also responsible for the development of The Shores of Kohanaiki, an adjacent 500 home golf-course community along the Kona Coast. Currently, there are no plans for the 93 acre Kaloko Land Company Parcel.
- 27) **McClellan Honokōhau Properties/McClellan Quarry (146 acres).** Auto body, warehousing, and construction operations are some of the various commercial and light industrial tenants. A fully operational quarry is located in the mauka portion of the parcel. Based on 2004 license re-application testimonies, the existing quarry is operating at 50 percent capacity.
- 28) **West Hawai'i Veterans Cemetery (62 acres).** Located mauka of the Queen Ka'ahumanu Highway and south of Hualālai Resort, the West Hawai'i Veterans Cemetery is managed by the Office of Veteran Affairs.
- 29) **U.S.C.G. Lighthouse-Keāhole Point Light Station (11 acres).** The U.S.C.G. Lighthouse at Keāhole Point is the western-most lighthouse on the island of Hawai'i.

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- 30) **U.S. Postal Service (4 acres).** The existing facility assists in the delivery and distribution of out/in-going mail to the Big Island.
- 31) **Lanikai Partners (423 acres).** Lying adjacent to the Villages of La'i 'Ōpua, consideration was made to developing a residential community on the largest parcel (394 acres) along Kealahou Parkway. Currently, no decision has been made to move ahead with any further development on Lanikai Partners Land.
- 32) **Kona View Estates (293 acres).** Kona View Estates is a planned community that allows residents to enjoy an agricultural environment while being close in proximity to Kona. Currently, the entire 293 acres is not developed. Phase I of Kona View Estates incorporates 29 one acre units. Phase I lies makai of Māmalahoa Highway. Phase II of Kona View Estates is going through a planning and design phase.
- 33) **Kona International Airport (6,271 acres).** The Kona International Airport (KIA) is the primary airport hub of West Hawai'i. 2006 Department of Business Economic development and Tourism (DBEDT) statistics indicate over 1.3 million visitors arrived in the Kona region. Recent State Legislature appropriations earmarked over \$17 million in upgrades and terminal construction.

Many of these projects are market dependent, however, and with the anticipated economic downturn, many of these projects may be placed on hold. With that in consideration, it is important that DHHL pursue updates to their land inventory in the West Hawai'i region. In addition to providing additional homes to the area, these projects will provide jobs to local residents, and stimulate the local and State economy.

Updates to the West Hawai'i Island Plan reflect the need to redesignate areas within the region for commercial and residential purposes. For example, Kalaoa was once slated as having the potential for residential development, however, current trends dictate that Kealahou would be the preferred location for future residential development in the area. Also, Kalaoa's location has excellent development potential due to its proximity to Kona's major commercial and industrial districts, as well as Kona International Airport. The majority of DHHL's parcels within Kalaoa are adjacent to Queen Ka'ahumanu Highway, which is the primary arterial in Kona. These updates are discussed in the following sections.



3.0

WEST HAWAI'I REGION

DEPARTMENT OF HAWAIIAN HOME LANDS
WEST HAWAI'I ISLAND PLAN UPDATE

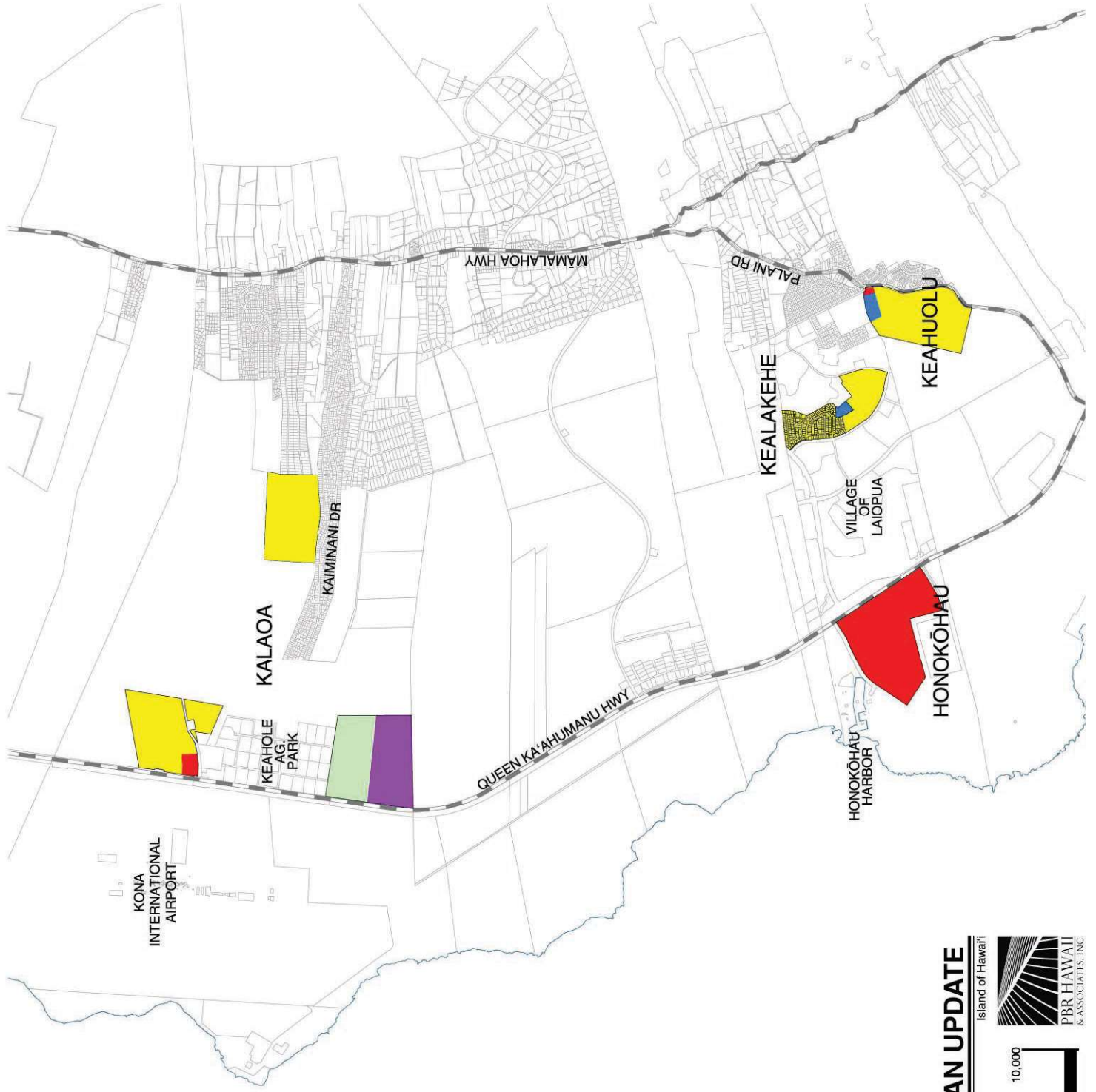
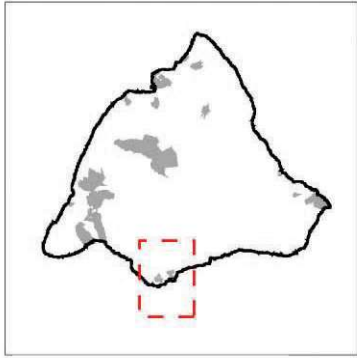
3.0 WEST HAWAI'I REGION

The *Hawaii Island Plan* was adopted by the Commission in December 2002 and reflects DHHL's desired land use policies at the time of its preparation. The island of Hawai'i was broken down into five (5) regions: North, East, South, West, and Central. The West Hawai'i Region can be further broken down into four areas: Kealakehe, Kalaoa, Honokōhau and Keahuolū. Kealakehe and Kalaoa have been designated as Priority Tracts by DHHL, while Honokōhau and Keahuolū are considered Non-Priority Tracts. Table 3 reflects an analysis of the acreages in the West Hawai'i region that were included within the *Hawaii Island Plan*. Figure 3 also shows the parcels and land use designations for the West Hawai'i region.

Table 3 - Existing Land Use Summary

EXISTING INVENTORY					
Land Use	Kealakehe	Kalaoa	Honokōhau	Keahuolū	Total:
Residential	55.433 Acres	272.513 Acres	0.000 Acres	139.000 Acres	466.946 Acres
Community	5.000 Acres	0.000 Acres	0.000 Acres	9.000 Acres	14.000 Acres
Commercial	0.000 Acres	10.000 Acres	200.000 Acres	2.000 Acres	212.00 Acres
Industrial	0.000 Acres	100.000 Acres	0.000 Acres	0.000 Acres	100.00 Acres
General Agriculture	0.000 Acres	100.00 Acres	0.000 Acres	0.000 Acres	100.00 Acres
TOTAL:	60.433 Acres	482.513 Acres	200.000 Acres	150.000 Acres	892.946 Acres

Subsequent to the publication of the original *Hawaii Island Plan*, updates to the West Hawai'i region reflect a shifting of residential to the Kealakehe area, this is largely in part due to its location near existing infrastructure, feasible site conditions, beneficiary preferences and job opportunities. Additionally, Kealakehe has been planned to include community facilities such as schools, parks, shopping and office areas; thus enabling community residents the ability to live, work, learn, play and shop in one area. Kalaoa, with its excellent location, in close proximity to Kona International Airport, and development potential, is proposed to be sited for commercial uses. The Honokōhau and Keahuolū areas are not proposed to be changed from the original use on the *Hawaii Island Plan*. Table 4 includes the proposed additions to DHHL's land inventory in the West Hawai'i region.




Legend

Land Use Categories

- Commercial
- Community Use
- Conservation
- General Agriculture
- Industrial
- Pastoral
- Residential
- Special District
- Subsistence Agriculture
- Supplemental Agriculture

Figure 3
 Existing Land Inventory
WEST HAWAII ISLAND PLAN UPDATE

Department of Hawaiian Homelands
 Island of Hawaiʻi
 NORTH
 LINEAR SCALE (FEET)
 0 2,500 5,000 10,000

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WEST HAWAI'I ISLAND PLAN UPDATE

Table 4 - Added Land Use Summary

ADDED INVENTORY					
Land Use	Kealakehe	Kalaoa	Honokōhau	Keahuolū	Total:
Residential	275.963 Acres	0.000 Acres	0.000 Acres	0.000 Acres	275.963 Acres
Community	16.000 Acres	0.000 Acres	0.000 Acres	0.000 Acres	16.000 Acres
Commercial	81.334 Acres	232.030 Acres	0.000 Acres	0.000 Acres	313.364 Acres
Industrial	0.000 Acres	0.000 Acres	0.000 Acres	0.000 Acres	0.000 Acres
General Agriculture	0.000 Acres	0.000 Acres	0.000 Acres	0.000 Acres	0.000 Acres
TOTAL:	373.297 Acres	232.030 Acres	0.000 Acres	0.000 Acres	605.327 Acres

The updated plan proposes that the total land inventory in West Hawai'i be increased by approximately 605 acres, with an emphasis on adding residential and commercial in Kealakehe and commercial in Kalaoa. Table 5 provides a land use summary of the entire West Hawai'i region as proposed in the update. Also, Figure 4 illustrates the proposed changes in the West Hawai'i region.

Table 5 – Total Land Use Summary

TOTAL INVENTORY					
Land Use	Kealakehe	Kalaoa	Honokōhau	Keahuolū	Total:
Residential	331.396 Acres	130.000 Acres	0.000 Acres	139.000 Acres	600.396 Acres
Community	21.000 Acres	0.000 Acres	0.000 Acres	9.000 Acres	30.000 Acres
Commercial	81.334 Acres	384.543 Acres	200.000 Acres	2.000 Acres	667.877 Acres
Industrial	0.000 Acres	100.000 Acres	0.000 Acres	0.000 Acres	100.000 Acres
General Agriculture	0.000 Acres	100.000 Acres	0.000 Acres	0.000 Acres	100.00 Acres
TOTAL:	433.730 Acres	714.543 Acres	200.000 Acres	150.000 Acres	1,498.273 Acres

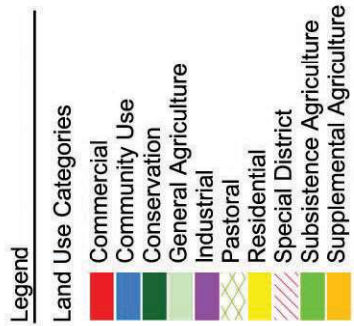
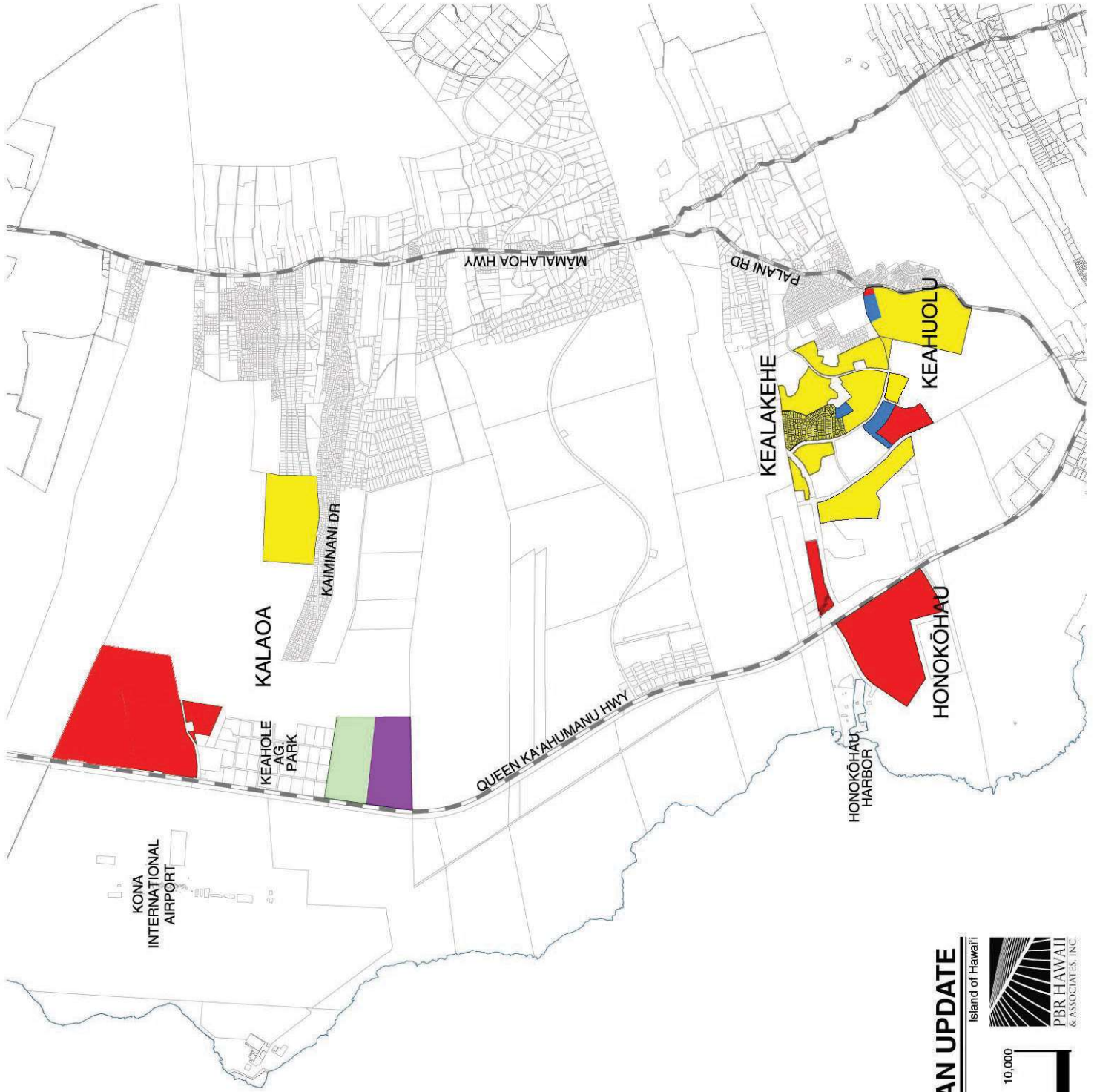
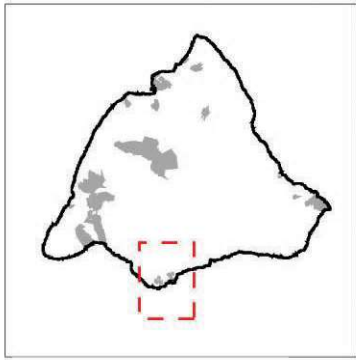


Figure 4
 Added Land Inventory
WEST HAWAII ISLAND PLAN UPDATE

Department of Hawaiian Homelands
 NORTH

Island of Hawaii
 PBR HAWAII & ASSOCIATES, INC.

LINEAR SCALE (FEET)
 0 2,500 5,000 10,000

3.1 Kealakehe (Priority Tract)

Summary of Site Opportunities and Constraints

Kealakehe: 433.730 Acres - Residential (Primary Use), Commercial, and Community Use

Kealakehe comprises of approximately 434 acres within the DHHL residential development known as the Villages of La'i 'Ōpua. Previously, Kealakehe consisted of a 60.433 acre parcel known as DHHL Village 4. Since then, DHHL has added over 356 acres of land to be developed as part of this area. The land is located nearby the Kealakehe High School in Kailua-Kona District. Kealakehe Parkway connects the development to Queen Ka'ahumanu Highway, with Keanalehu Drive serving as an arterial connector. There are plans to extend Keanalehu Drive to Palani Highway to provide alternate access to the Villages of La'i 'Ōpua.

Elevation is about 500 feet, with slopes ranging from five to ten percent. The annual average temperature for the area ranges from 60 F to 87 F, and average rainfall is between 10 and 20 inches. The soil is predominantly volcanic, providing a solid foundation for house lots.

Input from the Kealakehe Community Meeting suggested that future La'i 'Ōpua developments contain neighborhood parks and larger community centers. As such, appropriate planning measures have been incorporated into the land use plan. A five-acre community facility was planned as part of Village 3, and an additional 16 acres of community facilities is proposed as part of the updated plan.

Analysis

The residential market in the West Hawai'i region has experienced an increase in the number of projects planned in North Kona. Other community projects have arisen that have excited the local community. Infrastructure funding from the State and County have been directed to the Kona region, with the intent to relieve traffic congestion and provide access to upcoming projects via roadway construction.

Due to existing market conditions which affect the amount of housing available in the area, DHHL plans to pursue updates to their land inventory in this area. In addition to providing additional homes to the area, these projects will provide jobs to local residents, and stimulate the local and State economy. As such, approximately 276 acres of Residential designated land, 81 acres of Commercial designated land, and 16 acres of Community Use designated land (Villages of La'i 'Ōpua) in the Kealakehe area have been added to DHHL's land inventory. It is envisioned that these mix of land uses will enable community residents the ability to live, work, learn, play and shop in one area.

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During the planning of the original *Hawaii Island Plan*, beneficiaries requested an increase in the lot sizes for residential units within Kealakehe. An analysis was conducted using a comparison model of residential units that are 5,000 square feet (SF) and 10,000 SF. Provided that the proposed updates to West Hawai'i are approved, Kealakehe would have approximately 331 acres of Residential land. Using standard conversion measurements (43,560 SF is equal to one (1) acre of land) and assuming that all the residential lands within Kealakehe were developable, DHHL could develop 2,884 residential units at 5,000 SF lots, or 1,442 residential units at 10,000 SF lots. DHHL has taken into consideration the desires and wishes of its homesteaders, however, in order for DHHL to "substantially increase the number of residential homesteads awarded each year," DHHL has decided that 5,000 SF lots would best serve the entire DHHL beneficiary population as a whole.

3.2 Kalaoa (Priority Tract)

Summary of Site Opportunities and Constraints

Kalaoa: 714.543 Acres – Commercial (Primary Use), Industrial, Residential, and Agricultural

The Kalaoa Tract is comprised of four discontinuous lots totaling approximately 483 acres. Lots One and Two are adjacent to State Agricultural lots and Queen Ka'āhuanu Highway at between 150 and 300 feet elevation. A utility road provides access to Lots Two and Three. Lot Four is located above at between 550 and 800 feet. The Kona Palisades subdivision is adjacent to the southern portion of the upper lot. No vehicular access is provided to the parcel at this time. However, future access to the parcel could occur from Kona Palisades subdivision off Kakahiaka Street, Kapuahi Street, Ko'iko'i Street, and 'Ama'ama Street.

The parcels are lava lands covered in scrub grass, trees, and shrubs. The land is characterized by plentiful 'a'ā and pāhoehoe lava with little to no soil covering, and zero to five percent slope. The mauka lot is covered in heavier foliage, with a five to ten percent slope. The climate is dry and arid, typical of coastal North Kona. Annual rainfall is less than 20 inches. Southerly and southwesterly winds predominate.

The Tract is located close to the employment centers and amenities of Kailua-Kona, and easily accessed via Queen Ka'āhuanu Highway. Kailua-Kona Airport is adjacent, directly below and across the highway. Traffic along the highway and the airport make the land fronting Queen Ka'āhuanu Highway desirable for commercial and industrial uses. Lands further mauka are suitable for residential rural homesteading especially given ease of connection to existing infrastructure. The University of Hawai'i Center at West Hawai'i (University) is planned for placement in the center of four lots.

Analysis

DHHL proposes to change designations for Lots 2 and 3 from Residential to Commercial (approximately 143 acres). Both parcels have excellent development potential due to its proximity to Kona's major commercial and industrial districts, as well as Kona International Airport. Both parcels enjoy large frontage and access along Queen Ka'āhuanu Highway, which is the primary arterial in Kona. Although the area has development potential, both parcels lie vacant and underutilized.

DHHL believes a mix of commercial and/or industrial uses would maximize the value of both parcels. Although DHHL could seek to develop the parcels on their own, it is believed that such a site could yield greater returns if developed by a private entity with the necessary development experience and financial capacity. DHHL intends to issue

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separate Request for Qualifications/ Request for Proposals (“RFQ/RFP”) to attract interested parties to develop each of the parcels. Revenues generated will help support the development of additional homes throughout the State of Hawai'i. The addition of commercial acres to DHHL's land inventory on the island of Hawai'i will be in conformance with DHHL's policy that commercial and industrial uses be no more than one (1) percent of the total gross acreage within the State of Hawai'i.

In addition, DHHL is currently in the process of obtaining an additional parcel (TMK: 7-3-010: 044), adjacent to Lots 2 and 3, comprising of approximately 232 acres of land for commercial purposes. The development of the Kalaoa area is anticipated to provide increased commercial opportunities for homesteaders in the West Hawai'i region.

3.3 Honokōhau (Non-Priority Tract)

Summary of Site Opportunities and Constraints

Honokōhau: 200 acres – Commercial

Honokōhau is roughly 200-acre site in the makai portion of Kaloko ahupua'a in the North Kona Region. The parcel is adjacent to the Honokōhau Small Boat Harbor and Queen Ka'ahumanu Highway, with frontage along the Kealakehe Parkway. Commercial and pleasure boat users frequent the area.

The parcel is at elevations of 30 to 80 feet, with average temperatures ranging between 60 F and 87 F. The area is very dry, with between 10 and 20 inches of annual rainfall. Slope is between zero and five percent, and volcanic rock soils predominate. Little to no vegetation is present on the parcel.

Honokōhau Tract is close to Kailua-Kona, which provides various public services and amenities. Physical infrastructure is available to serve the parcel, including an adjacent wastewater treatment plant. Surrounding uses are commercial and light industrial. Site assessment indicates recommended use of the parcel for commercial development.

Analysis

No changes are proposed for the Honokōhau area.

3.4 Keahuolū (Non-Priority Tract)

Summary of Site Opportunities and Constraints

Keahuolū: 150 acres – Residential, Commercial and Community Use

Keahuolū is a 150-acre parcel located on the mauka slopes of Keahuolū above Kailua-Kona. Kealakehe Homestead subdivision borders the northern portion, and Kealakehe Elementary and Intermediate Schools border the northwest. Queen Lili'uokalani Children Center has a Master Plan for adjacent lands to the south. Access is via Palani Highway and Kealaka'a Street, with plans for future connections via Palani Highway.

Elevations range from 400 to 800 feet, with slopes between five and ten percent throughout the parcel. The annual average temperature range is between 60 F and 87 F. The climate is dry with about 10 to 20 inches of annual rainfall.

The parcel is vacant at present, and overgrown with heavy foliage. The soil is the volcanic rock composition typical of the region.

Keahuolū Tract is situated upslope of Kailua-Kona along Palani Highway, and close to the employment and public service opportunities available at Kailua-Kona. The site affords panoramic views of the Kona coastline. The tract is suitable for residential homestead development, but immediate priority development is constrained by limited access.

Analysis

No changes are proposed for the Keahuolū area.

Table 6 - West Hawaii'i Quick Reference Table

Geographical Features	Honokohau	Kalaea	Keahuolu	Kealakehe
Available Acreage	200.00	714,543	150.00	433,730
Elevation (feet)	30-50	150-300 (Makai), 500-800 (Mauka)	400-800	500
Rainfall (inches/ annual)	10-20	Less Than 20	10-20	10-20
Slope (%)	0-5	0-5 (5-10 in Mauka)	5-10	5-10
Soil Types	Unweathered Bedrock	Unweathered Bedrock	Unweathered Bedrock (mostly), Extremely Stony Murck (N. end)	Unweathered Bedrock
Temperature (F)	60-87	60-87	60-87	60-87
Vegetation	Little to No Vegetation	Scrub Grass, Shrubs	Heavy Foliage	Little to No Vegetation
Wind Direction	NE	NE	NE	NE

Other Features

Access Roads	Kealakehe Pkwy, Queen Ka'ahumanu Hwy	Queen Ka'ahumanu Hwy, Off of Ka'imani Dr	Palani Rd, Kealakaa St	Kealakehe Pkwy, Keanalahu Dr
Existing Uses	None, Vacant	None, Vacant	None, Vacant	None, Vacant
Significant Landforms/Landmarks	Honokohau Small Boat Harbor, Honokohau National Historical Park	State Agriculture Park, Keahole Airport, Proposed UH Center	Kealakehe Elem. & Inter. Schools	Villages of Lat Opua
Archaeological Sites *further study recommended before developed	No Registered Sites*	No Registered Sites*	No Registered Sites*	Existing Archaeological Site
Electrical Service	5 Kv - 1247 Volts	5 Kv - 1247 Volts	5 Kv - 1247 Volts	5 Kv - 1247 Volts
Electrical Substation	Kealakehe Substation	Huehure Substation	Kealakehe Substation or Huehure Substation	Kealakehe Substation
Sewer Service	Yes	Yes	Yes	Yes
Water Service	12" Line Along Queen Ka'ahumanu Hwy.	12" Line Along Queen Ka'ahumanu Hwy. Mauka Property Will Be Served From 8" Line Along Kaimi Nani Rd..	12"-16" Line From Palani Rd.	16" -24" Line Along Kealakehe Parkway


Regulations

Flood Hazard Zone	Zone X	Zone X	Zone X	Zone X
Special Management Area (SMA)	Within	Out	Out	Out
State Land Use	Urban	Agriculture (Makai), Urban (Mauka)	Agriculture (South), Urban (North)	Urban
County Zoning	Open	Open, A-5a	A-5a, RS-15	Open, A-1a, A-5a, RS-10
Tsunami Evacuation Zone	Partly Within	Out	Out	Out
Volcano Hazard Zone*	Zone 4	Zone 4	Zone 4	Zone 4

* Hazard zones range from 1 (most hazardous) to 9 (least hazardous)

Recommended Land Use

Commercial	Commercial	Homestead Residential, Agriculture, Commercial, Industrial	Homestead Residential, Commercial, Community Use	Homestead Residential, Commercial, Community Use
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4.0

RELATIONSHIP TO LAND USE PLANS AND POLICIES

4.0 RELATIONSHIP TO LAND USE PLANS AND POLICIES

4.1 DHHL General Plan

The DHHL *General Plan* was approved by the Hawaiian Homes Commission in February 2002. The plan's mission is "to manage the Hawaiian Home Lands trust effectively and to develop and deliver lands to native Hawaiians. We will partner with others towards developing self-sufficient and healthy communities."

Goals and objectives from the DHHL *General Plan* relevant to the West Hawai'i Island Plan Update are discussed below.

Land Use Planning

Goals

- *Utilize Hawaiian Home Lands for uses most appropriate to meet the needs and desires of the beneficiary population.*
- *Encourage a balanced pattern of contiguous growth into urban and rural growth centers.*
- *Develop livable, sustainable communities that provide space for or access to the amenities that serve the daily needs of its residents.*

Objectives

- *Provide space for and designate a mixture of appropriate land uses, economic opportunities and community services in a native Hawaiian-friendly environment.*
- *Direct urban growth to priority development areas based on infrastructure availability, feasible site conditions, beneficiary preferences and job opportunities.*
- *Develop improved relationships with the Counties to ensure reliable and adequate delivery of services to homesteaders.*
- *Consider opportunities to acquire or exchange for lands best suited for purposes of the Hawaiian Homes Commission Act.*

Discussion: The West Hawai'i Island Plan Update reflects the need to designate areas within the region for commercial and residential purposes. With more than 10,000 residential units planned for the North Kona region, it is essential that urban growth for DHHL lands be directed to priority tract areas. As such, Kealakehe has been slated as the preferred area for residential development largely due to its location nearby existing infrastructure, feasible site conditions, beneficiary preferences and job opportunities. Additionally, Kealakehe has been planned to include community facilities such as

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schools, parks, shopping and office areas; thus enabling community residents the ability to live, work, learn, play and shop in one area. Kalaoa, with its excellent location and development potential, is proposed to be utilized for commercial uses.

In the planning of the West Hawai'i Island Plan Update, DHHL placed great emphasis on developing the West Hawai'i region in coordination with the policies and plans of the County of Hawai'i. The updated Plan is consistent with the County of Hawai'i's Land Use Pattern Allocation Guide (LUPAG) Designations, as Kalaoa, Kealakehe and Honokōhau are lands slated for Urban Expansion (See Figure 5). Keahuolū includes lands planned for Urban Expansion, Medium Density Urban, and Low Density Urban. Additionally, the West Hawai'i region is located entirely within the Kona Community Development Plan's (CDP) Kona Urban Area (See Figure 6). It is within this area, that DHHL envisions developing its lands located within and/or around Neighborhood and/or Regional Center type of developments.

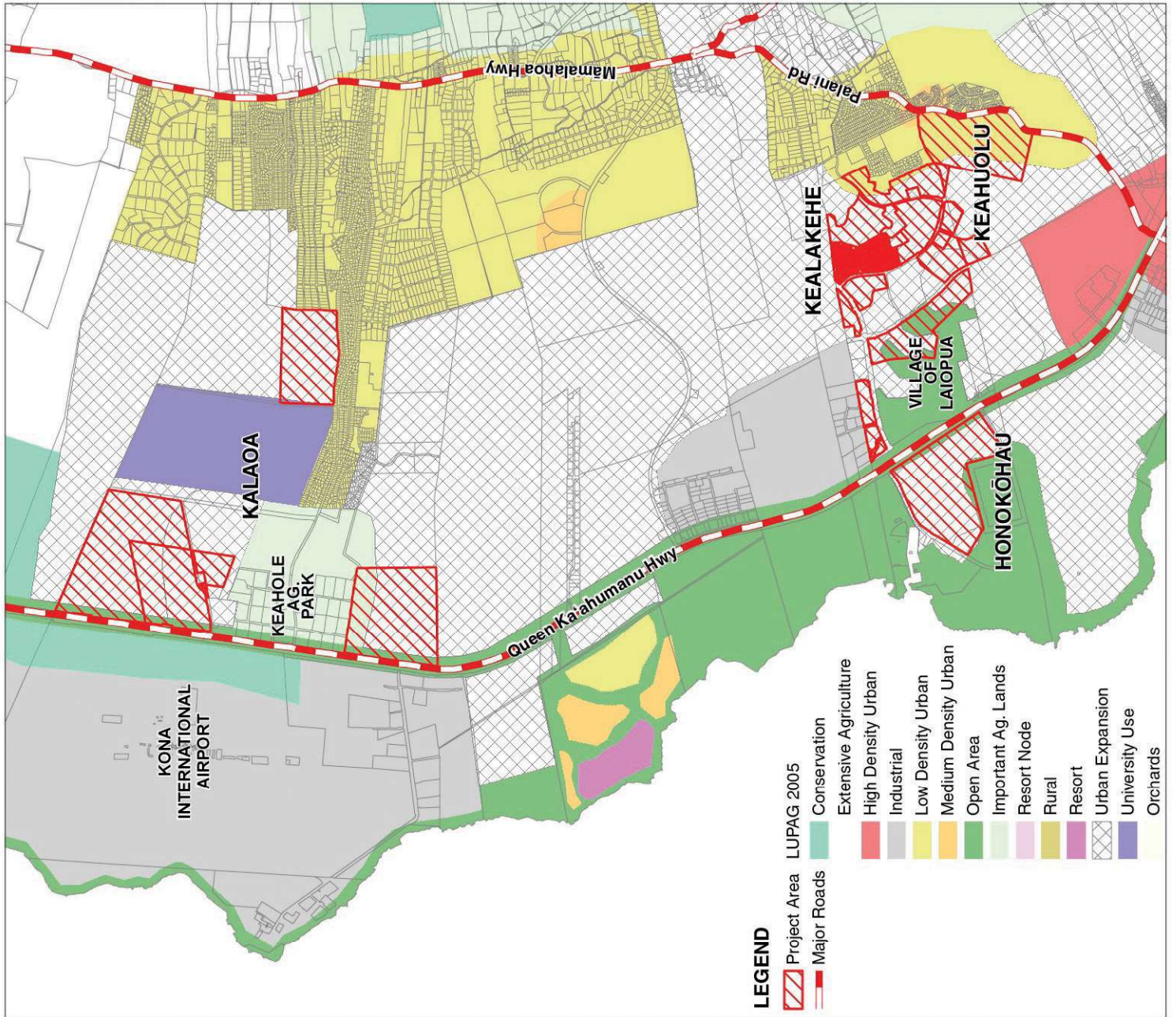
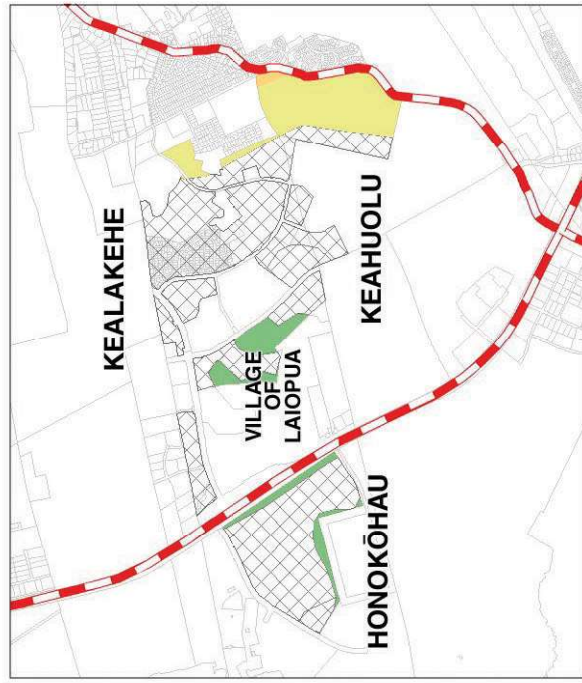
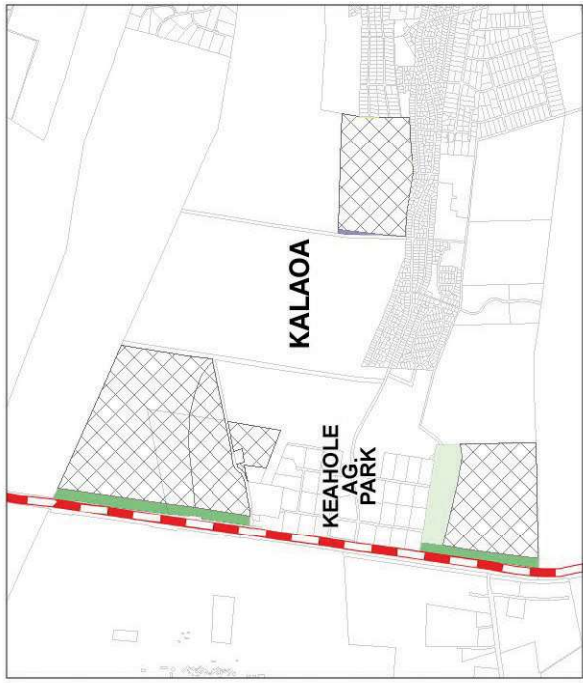
Residential Uses

Goals

- *Substantially increase the number of residential homesteads awarded each year.*
- *Provide a mix of housing opportunities that reflect the needs and desires of native Hawaiian beneficiaries.*
- *Provide residential homesteads, financing, and other housing opportunities, especially to those most in need.*
- *Develop integrated residential communities that are reflective of the diverse socio-economic profiles of the native Hawaiian community.*
- *Ensure existing homestead neighborhoods are maintained as healthy and attractive communities for future generations.*
- *Increase the potential for beneficiaries to qualify for residential housing financing.*

Objectives

- *Devote a significant share of time and resources to serve applicants with income below 80% of the median family income level.*
- *Provide a variety of residential types to meet the needs of beneficiaries in terms of construction procedures (owner-builder, turnkey, self-help), types of house units (single-family, multi-family, kupuna housing, rental, etc.) and financing.*
- *Ensure the availability of housing with a range of types and affordability to accommodate persons and families of all income levels and in locations that are convenient to employment and quality public and private facilities.*
- *Deliver an average of 500 new residential housing opportunities per year in proportion to the number of applicants on the residential waiting list for each island.*



LEGEND

- Project Area
- Major Roads
- Conservation
- Extensive Agriculture
- High Density Urban
- Industrial
- Low Density Urban
- Medium Density Urban
- Open Area
- Important Ag. Lands
- Resort Node
- Rural
- Resort
- Urban Expansion
- University Use
- Orchards

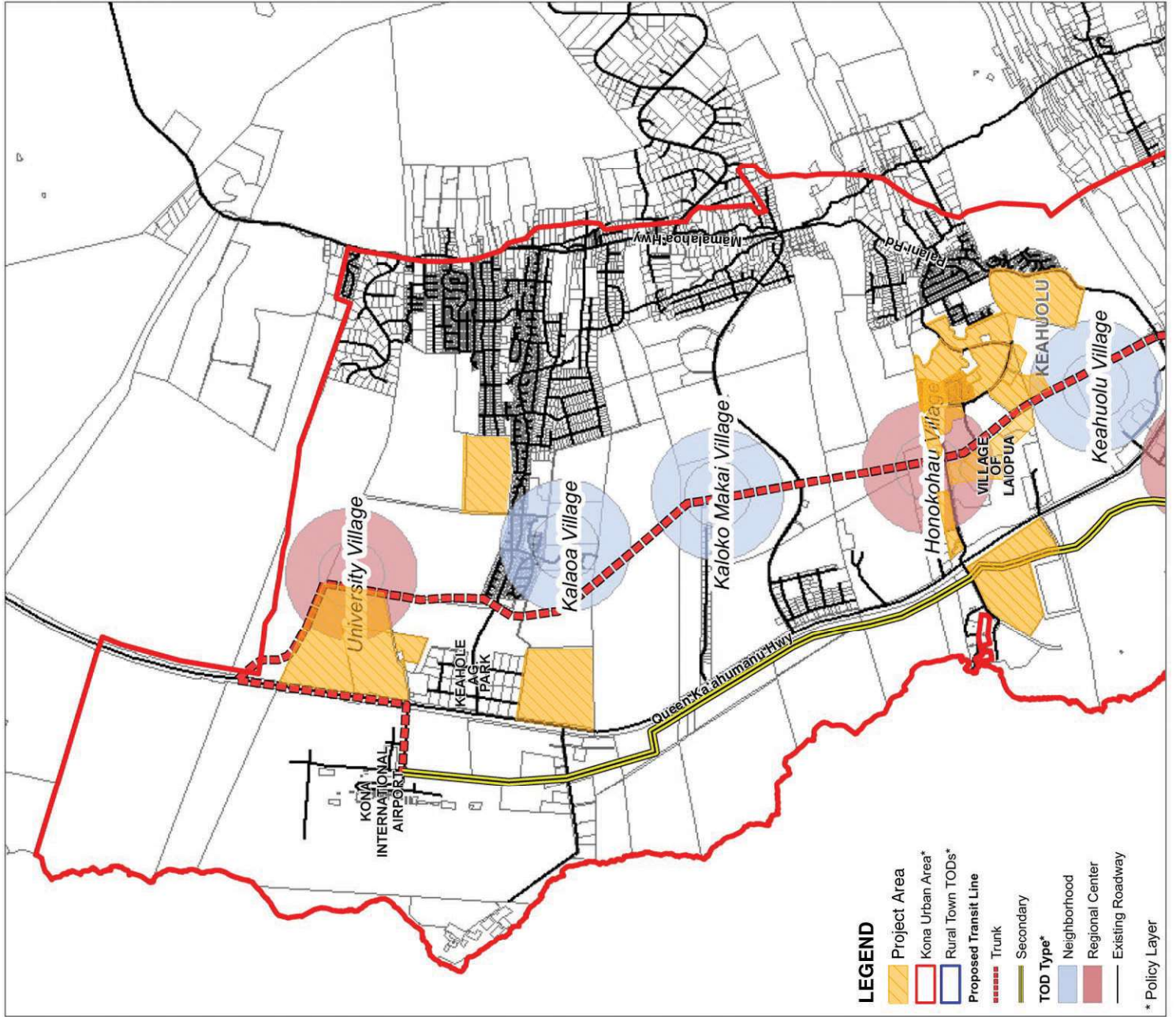
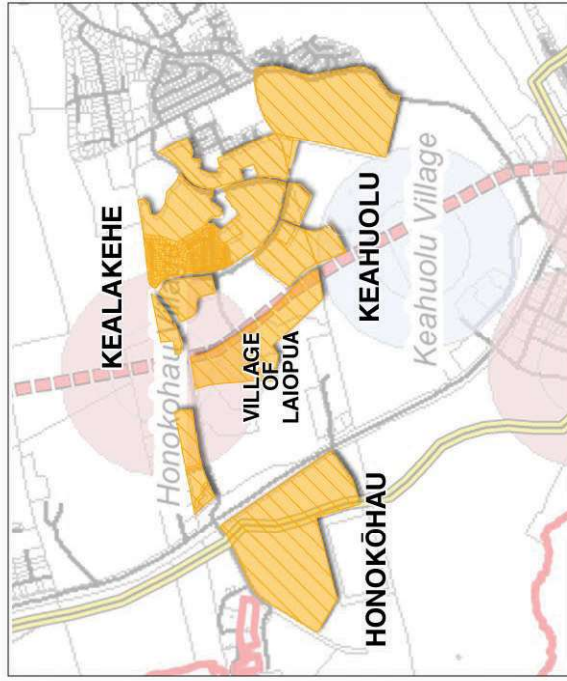
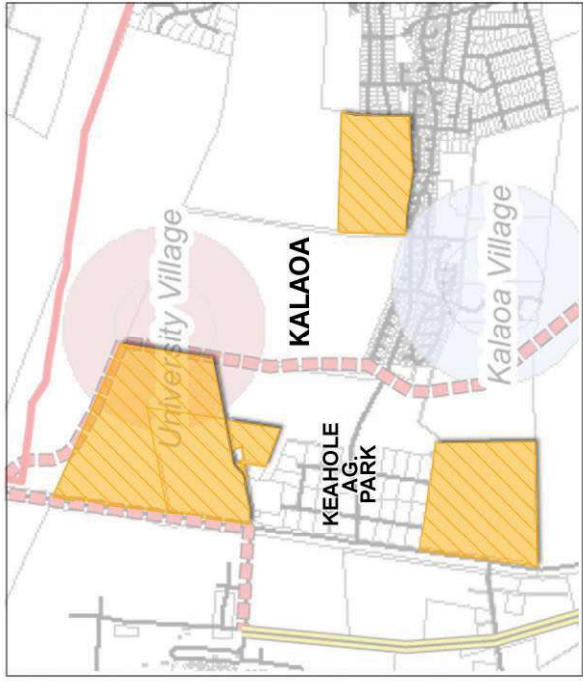
Figure 5
 Hawai'i General Plan - Land Use Pattern Allocation Guide
WEST HAWAI'I ISLAND PLAN UPDATE

Department of Hawaiian Homelands
 NORTH

LINEAR SCALE (FEET)
 0 2,500 5,000 10,000

Island of Hawai'i
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Source: Land Use Pattern Allocation Guide (GIS, 2005)
 Disclaimer: This graphic has been prepared for general planning purposes only.



LEGEND

- Project Area
- Kona Urban Area*
- Rural Town TODs*
- Proposed Transit Line
- Trunk
- Secondary
- TOD Type***
- Neighborhood
- Regional Center
- Existing Roadway
- Policy Layer

Figure 6
Kona Community Development Plan

WEST HAWAII ISLAND PLAN UPDATE

Department of Hawaiian Homelands

Island of Hawaii



Source: Kona Community Development Plan
Disclaimer: This graphic has been prepared for general planning purposes only.

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- *Facilitate education in home ownership, financing, maintenance and long-term financial resource management.*
- *Work with homestead associations to identify opportunities to revitalize existing neighborhoods.*

Discussion: The West Hawai'i Island Plan Update includes the addition of approximately 276 acres of Residential land (Villages of La'i 'Ōpua) in the Kealakehe area. While, approximately 143 acres of land is proposed to be redesignated from Residential to Commercial in the Kalaoa area, the addition of Residential land in Kealakehe is projected to compensate for this redesignation of land. These updates reflect the need to designate areas within the region for commercial and residential purposes. Current development trends indicate that Kealakehe would be the preferred location for future residential development largely due to its location nearby existing infrastructure, feasible site conditions, beneficiary preferences and job opportunities. Additionally, Kealakehe has been planned to include community facilities such as schools, parks, shopping and office areas; thus enabling community residents the ability to live, work, learn, play and shop in one area.

Agricultural and Pastoral Uses

Goals

- *Increase the number of agricultural and pastoral leases awarded each year.*
- *Provide infrastructure, technical assistance and financial support commensurate with the intended uses of agricultural and pastoral lots.*
- *Provide agriculture and pastoral commercial leasing opportunities for beneficiaries.*
- *Conserve the most productive agricultural lands for intensive agriculture and pastoral use.*

Objectives

- *Assist existing and future lessees in acquiring technical, marketing and financial assistance to increase productivity, economic efficiency and markets for their products.*
- *Provide agriculture and pastoral homestead lots for subsistence and supplemental purposes.*
- *Provide general lease agriculture and pastoral lots of adequate size for commercial farming or ranching business purposes by native Hawaiians.*
- *Establish minimum infrastructure requirements for agricultural and pastoral leases.*

Discussion: The West Hawai'i Island Plan Update, which includes approximately 100 acres for agricultural use in the Kalaoa area, does not propose any agricultural/pastoral use changes from the original plan. The Detailed Land Classification (1965 through 1972) series was produced for each island within the State of Hawai'i by the Land Study Bureau (LSB) of the University of Hawai'i. The intent of this series of reports was to develop a

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land inventory and productivity evaluation based on statewide standards of crop yields and levels of management. A five-class productivity rating is applied using the letters A, B, C, D and E, with A representing the class of highest productivity and E the lowest. Most of the soils within the West Hawai'i region are rated Not Classified (See Figure 7). An analysis of the study indicates that the West Hawai'i region is not suitable for agricultural/pastoral uses due to the "very poor" conditions of the soil quality. An additional study was done using *The Agricultural Lands of Importance to the State of Hawaii* (ALISH) (1977) system which classifies lands that are important to agriculture in Hawai'i as Prime, Unique, or Other Agricultural Land, with Prime Agricultural Land representing the class of greatest importance and Other Agricultural Land the least. The entire West Hawai'i region is not classified by the ALISH system (See Figure 8), thus not considered to be important agricultural lands within the State of Hawai'i.

According to the County of Hawai'i *General Plan's* LUPAG, the West Hawai'i region consists primarily of areas designated for Urban Expansion. The region also includes areas designated for Medium Density Urban and Low Density Urban in Keahuolū, and Open Space and Important Agriculture Lands in Kalaoa. The proposed West Hawai'i Island Plan Update is consistent with the County's anticipated future growth regarding physical development, as the proposed plan conforms to the County's land use designations. The update is also compatible with the preferred land use trends of the Kona CDP as the entire West Hawai'i region is within the Kona Urban Area designation (See Figure 6). The Kona CDP's policies and strategies place great emphasis on developing/redeveloping in existing urban areas and keeping the rural character and agriculture areas intact. In addition, the approximately 100 acre Agricultural parcel within Kalaoa is currently not in agricultural use. DHHL is evaluating lands in other areas of the island of Hawai'i which may be more suitable for agricultural and pastoral uses.

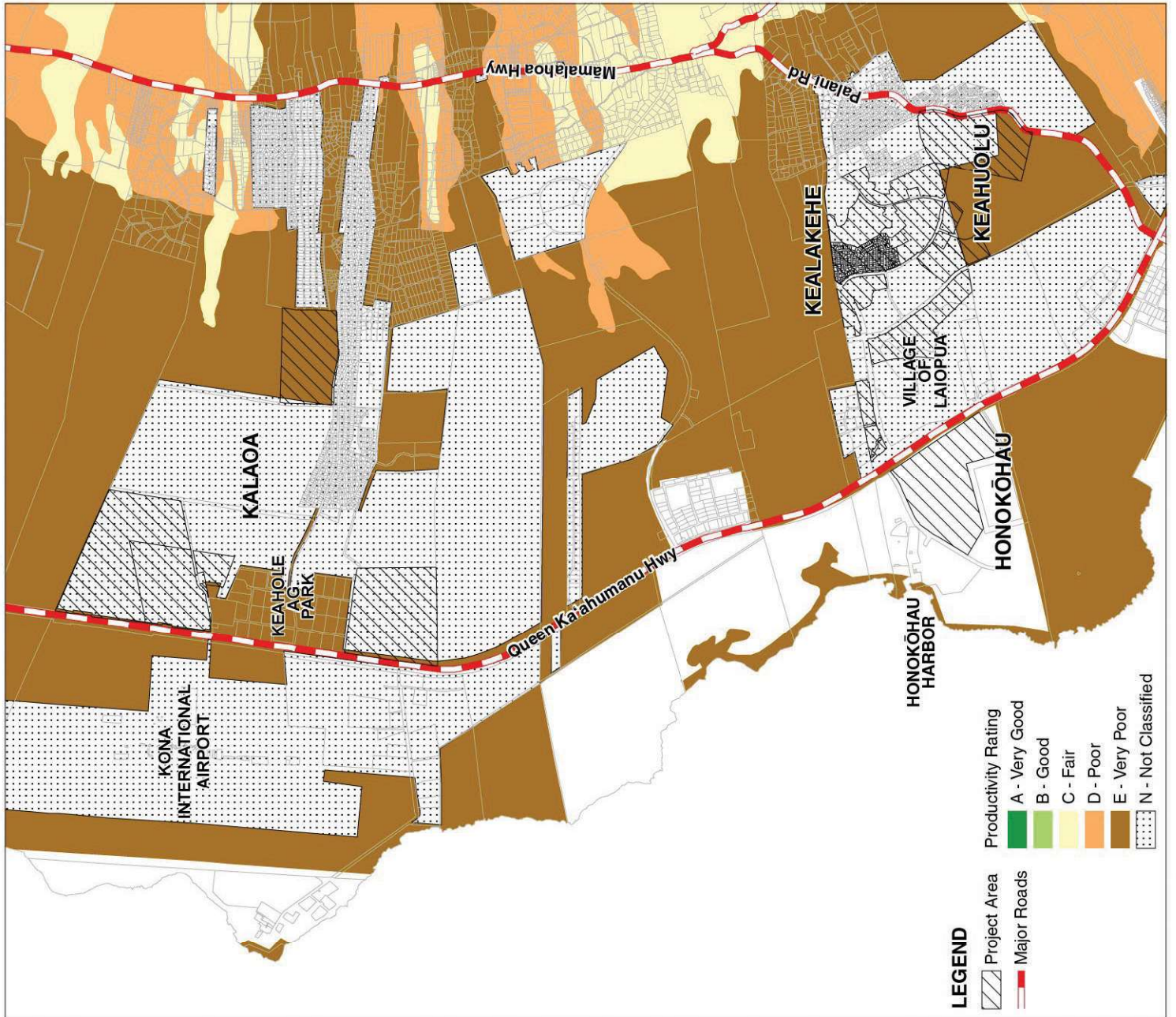
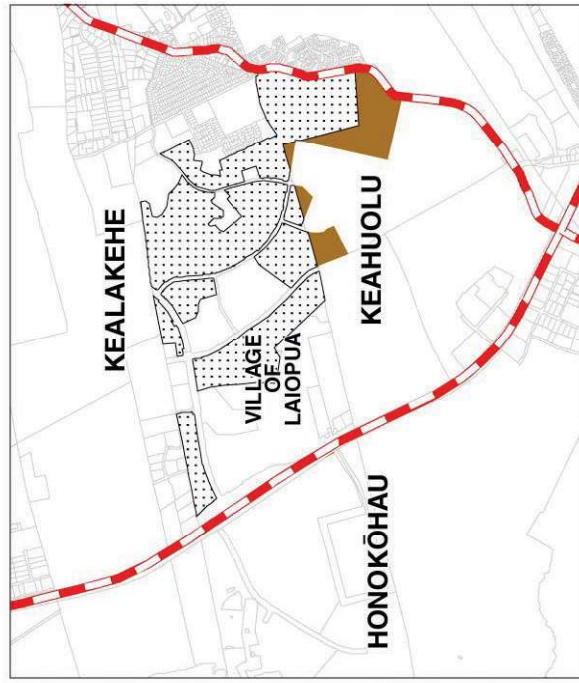
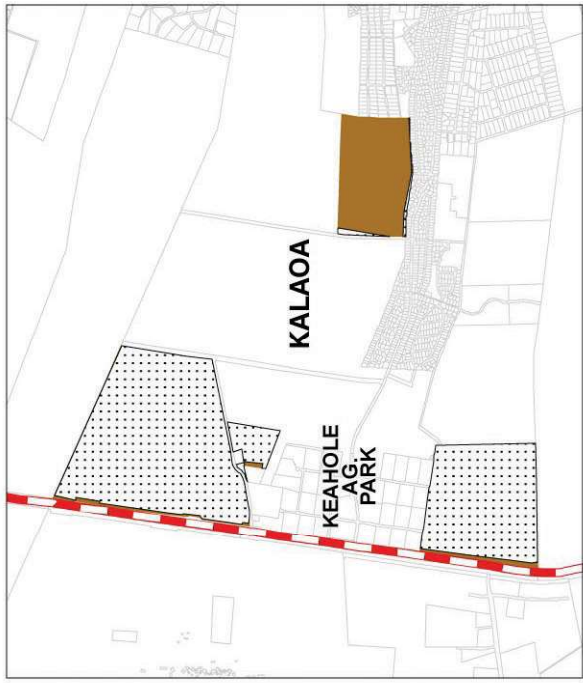
Water Resources

Goals

- *Provide access to quality water in the most cost-effective and efficient manner.*
- *Ensure the availability of sufficient water to carry out Hawaiian Home Lands' mission.*
- *Aggressively exercise and protect Hawaiian home land water rights.*

Objectives

- *Establish water partnership arrangements.*
- *Identify and establish a clear understanding of existing water resources available to be Hawaiian Home Lands Trust.*
- *Implement State water use plans, rules and permits to ensure access to water resources for current and future uses on Hawaiian home lands.*



LEGEND









-  Project Area
-  Major Roads
- Productivity Rating**
-  A - Very Good
-  B - Good
-  C - Fair
-  D - Poor
-  E - Very Poor
-  N - Not Classified

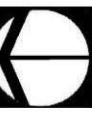
Figure 7

Land Study Bureau - Detailed Land Classification

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Department of Hawaiian Homelands

LINEAR SCALE (FEET)



Island of Hawaii



Source: Land Study Bureau, 1965 (GIS)
Disclaimer: This graphic has been prepared for general planning purposes only.

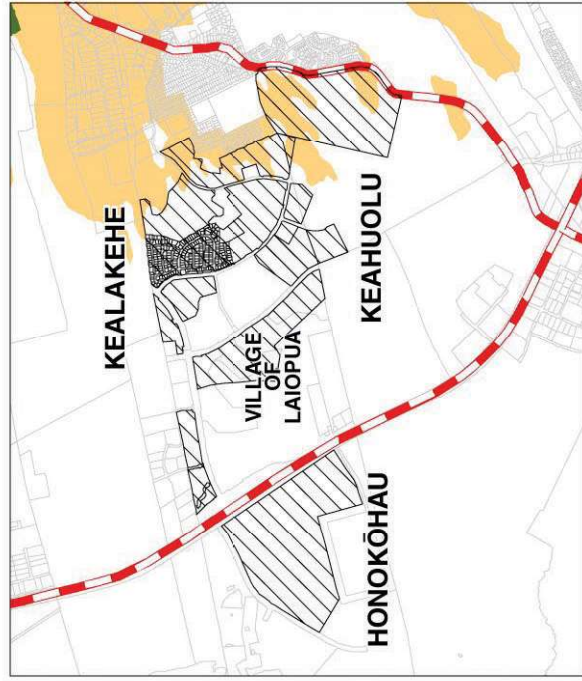
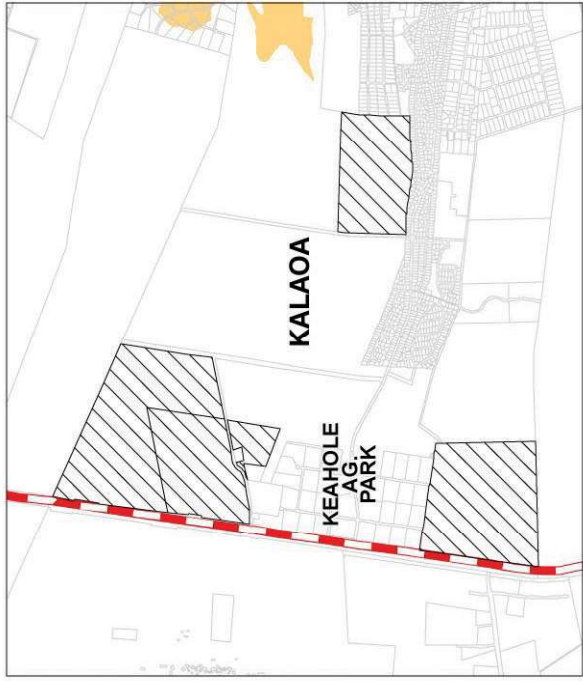
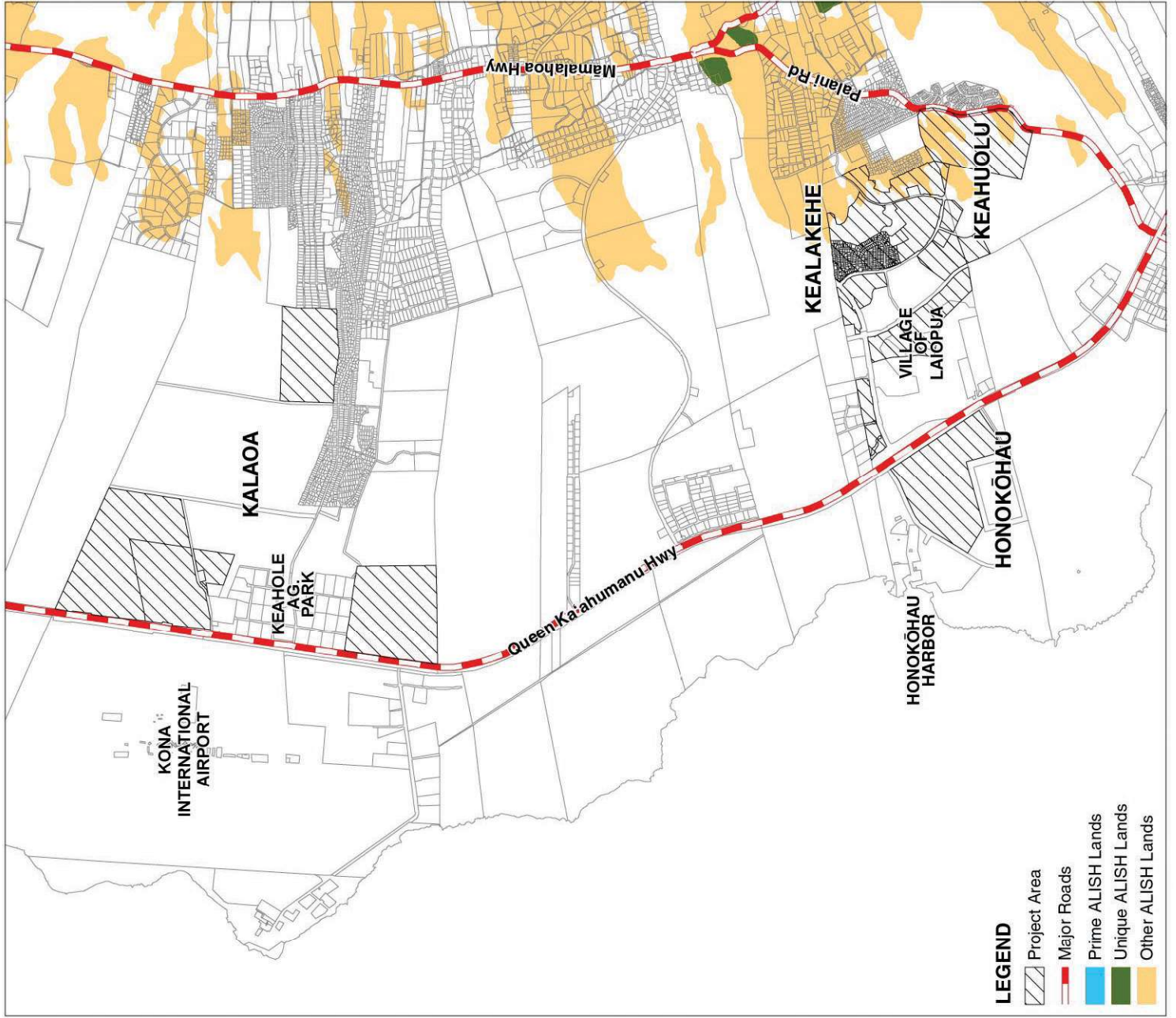


Figure 8
 Agricultural Lands of Importance to the State of Hawai'i
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Department of Hawaiian Homelands
 NORTH

LINEAR SCALE (FEET)
 0 2,500 5,000 10,000

Island of Hawai'i
 PBR HAWAII & ASSOCIATES, INC.

Source: State Department of Agriculture (GIS)
 Disclaimer: This graphic has been prepared for general planning purposes only.

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Discussion: The West Hawai'i region is within the North Kona Water System. Water for the North Kona Water System is conveyed by gravity flow from the mauka Kahalu'u sources through 20-inch and 24-inch transmission mains on Kuakini Highway and Queen Ka'ahumanu Highway. Currently, there is an inadequate source of water for the full build-out of the Villages of La'i 'Ōpua, located within Kealakehe. Only a portion of the project has water allocation (the recently constructed Village 3, and Villages 4 and 5). Source development, storage, and transmission will be required for the development of future projects in the area. In its 2007 regular session, The Hawai'i State Legislature approved capital improvement funding of \$14,405,000 and \$12,000,000 for North Kona Water System improvements. The line items authorize the project but money must be internally allocated by DHHL, the County of Hawai'i or the Department of Land and Natural Resources. For the project to realistically proceed, the legislature would have to support it through general or revenue bonds. Currently, DHHL is finalizing a Water Master Plan for the Villages of La'i 'Ōpua, which will include a strategy for source development, storage, and transmission to the project. All DHHL lands within the State of Hawai'i will be in accordance with all applicable State water use plans, rules and permits.

Land and Resource Management

Goals

- *Be responsible, long-term stewards of the Trust's lands and the natural, historic and community resources located on these lands.*

Objectives

- *Preserve and protect significant natural, historic and community resources on Trust lands.*
- *Manage interim land dispositions in a manner that is environmentally sound and does not jeopardize their future uses.*
- *Allow native Hawaiian use of natural resources on Trust lands for traditional and cultural purposes.*
- *Enforce governmental health and safety standards and protect life and property from the effects of natural hazards and disaster on Hawaiian home lands.*

Discussion: The West Hawai'i Island Plan Update proposes development in areas that are not known to have significant natural, historic and community resources. However, should any resources be discovered during the planning and/or construction phases of the project, DHHL is committed to protecting significant natural, historic and community resources situated on its lands.

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Economic Development

Goals

- *Generate significant revenue to provide greater financial support towards fulfilling the Trust’s mission.*
- *Provide economic opportunities for beneficiaries within areas designated for their use.*

Objectives

- *Generate \$30 million in land revenues annually (adjusted for inflation) by 2014.*
- *Use no more than 1.0% of Hawaiian home lands for Commercial and Industrial Uses by 2014.*
- *Assist native Hawaiian entrepreneurs by supporting opportunities for business education, training, financing, planning and leasing.*
- *Acquire land that expands opportunities for revenue generation.*
- *Create a professionally-managed investment portfolio with a well-balanced mix of assets.*

Discussion: The West Hawai‘i Island Plan Update creates residential and commercial opportunities in the region. Commercial uses proposed in the updated plan will generate increased revenue to provide greater financial support to fulfill DHHL’s mission. In addition, the Kalaoa area is projected to provide increased commercial opportunities for homesteaders in the West Hawai‘i region.

The proposed plan would increase the amount of commercial acreage by approximately 470 acres. These commercial uses, as well as other designated uses in the West Hawai‘i region, have been accounted for and are a part of an updated Land Use Summary for the entire State of Hawai‘i (See Table 7). Please note that this data was compiled from the existing Hawai‘i, Kaua‘i, Maui and Moloka‘i Island Plans, and does not include DHHL lands located on the island of O‘ahu nor lands that were acquired by DHHL subsequent to the acceptance of each approved island plan. The addition of commercial acres to DHHL’s land inventory on the island of Hawai‘i will be in conformance with DHHL’s policy that commercial and industrial uses be no more than one (1) percent of the total gross acreage within the State of Hawai‘i.

Table 7 – State-Wide Land Use Summary

USES	ACREAGE	PERCENTAGE (%)
Commercial	1,057	0.65%
Community Use	712	0.44%
Conservation	31,146	19.19%
General Agriculture	51,745	31.89%
Industrial	588	0.36%

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USES	ACREAGE	PERCENTAGE (%)
Pastoral	28,414	17.1%
Residential	5,170	3.19%
Special District	30,042	18.51%
Subsistence Agriculture	6,371	3.93%
Supplemental Agriculture	7,023	4.33%
Total:	162,268	100.00%

Building Healthy Communities

Goals

- Empower the homestead associations to manage and govern their communities.
- Establish self-sufficient and healthy communities on Trust lands.

Objectives

- Build partnerships with public and private agencies to ensure reliable and adequate delivery of services to homesteaders.
- Establish and implement a planning system that increases beneficiary participation in the development and use of Hawaiian home lands and improves communications between DHHL and the beneficiary community.

Discussion: Updates to the Plan in the Kealahou reflect DHHL’s vision to build public-private partnerships to ensure development of its lands for homesteaders (Villages of La‘i ‘Ōpua). In addition, the Kalaoa area is projected to provide increased commercial opportunities for homesteaders in the West Hawai‘i region. DHHL is committed to providing opportunities for the beneficiary community to provide input on its lands via community and stakeholder meetings.

4.2 Memorandum of Agreement Between the County of Hawai‘i and DHHL

A Memorandum of Agreement (MOA) has been established between the County of Hawai‘i and DHHL which clarifies the roles, responsibilities and obligations of each party in relation to land use planning, infrastructure maintenance, enforcement of laws, and collection of taxes and other fees on DHHL lands within the island of Hawai‘i. General principles were established to guide the development of the MOA; principles relating to the planning and land use of DHHL lands on the island of Hawai‘i are discussed below.

Section III.A.:

DHHL will implement its Planning System which includes plans with DHHL land use designation such as the Hawaii Island Plan, various Development and Subdivision Plans, and Homestead Community Plans. In the formulation, updating,

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and amendment of these plans, DHHL will consult with the relevant County departments, and shall give due consideration and weight to their comments, and to the Hawaii County General Plan, and other officially adopted plans such as Community Development Plans. All land uses on DHHL property will be placed according to the applicable DHHL plans.

Discussion: The West Hawai'i Island Plan Update incorporates plans such as the Hawai'i Island Plan, various Development and Subdivision Plans, and Homestead Community Plans. In addition, DHHL placed great emphasis on developing the West Hawai'i region in coordination with the policies and plans of the County of Hawai'i. The updated Plan analyses how the proposed changes comply with the DHHL *General Plan*, the County of Hawaii *General Plan* and *Kona Community Development Plan*. In addition, the updated Plan is consistent with the County of Hawai'i's LUPAG Designations, as well as with the *Kona Community Development Plan's* Kona Urban Area Map.

Section III.B.:

The County will consult with DHHL over the appropriate designations of DHHL property in the Hawaii County General Plan LUPAG maps, and shall give due weight and consideration to the comments of DHHL, and to officially adopted DHHL plans.

Discussion: DHHL will continue to consult with the County of Hawai'i over the appropriate designations of DHHL lands, within the West Hawai'i region and elsewhere on the island of Hawai'i, in the County of Hawai'i's LUPAG maps.

Section III.C.:

Based on its plans and DHHL land use designations, DHHL will determine the appropriate County zoning districts that shall apply to the property in question. DHHL will communicate these zoning districts to the County.

Discussion: DHHL will continue to coordinate with the County of Hawai'i, once a determination has been made about the appropriate County zoning districts for its lands in the West Hawai'i region.

Section III.D.:

All normal land use controls will be applied by the Hawaii County to DHHL property according the zoning district selected by DHHL. Except as specifically provided in the Agreement, DHHL will follow all normal land use procedures, regulations, and standards applicable to the zoning district.

Discussion: DHHL acknowledges that the County will apply land use controls to DHHL lands, once DHHL has selected an appropriate County zoning district. As such, DHHL will comply with all normal land use procedures, regulations, and standards applicable to the zoning district

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Section III.E.:

All land use permit applications on Hawaiian home lands must be accompanied by written consent from DHHL before the County can begin processing those applications.

Discussion: DHHL will ensure that all land use permit applications on DHHL lands will be approved of by DHHL before being submitted to the County of Hawai'i for processing.

Section III.F.:

The standards of the various zoning districts selected will apply to DHHL property. DHHL and its lessees will go through normal County administrative variance procedures if they seek exemptions from standards.

Discussion: DHHL will adhere to normal County administrative variance procedures if exemptions from standards of zoning districts are sought out.

Section III.G.:

For uses allowed in the various zoning districts that require special permits or use permits, DHHL and its lessees will go through the applicable County permit procedures. At some time in the future, DHHL may implement its own use permit procedure for Hawaiian home lands. If DHHL grants use permits, it will be responsible for enforcing violations of those permits. The County will be notified when DHHL has formulated its use permit system.

Discussion: Any special permits or use permits that will need to be required as part of the project, will go through the applicable County permit procedures. If DHHL implements its own use permit system for DHHL lands, it will notify the County when a system has been developed.

Section III.H.:

The County will advise DHHL of all violations by its lessees. The County will enforce land use codes and regulations on Hawaiian home lands in the same manner as with other landowners. DHHL will cooperate with the County in enforcing the terms of its leases requiring conformity to applicable laws and regulations, if requested by the County. Ongoing violations and failure to comply will be referred to DHHL after the County has exhausted all remedies short of pursuing legal action to address the violation. DHHL may institute lease enforcement proceedings in advance of, or in lieu of, County enforcement actions.

Discussion: DHHL intends to cooperate with the County to ensure that all leases conform to the applicable laws and regulations of the County of Hawai'i.

4.3 County of Hawai'i General Plan

The County of Hawai'i *General Plan* (General Plan) was adopted in February 2005 and is a policy document for the long-range comprehensive development of the island of Hawai'i. The plan provides direction for the future growth of the County and offers policy statements that embody the expressed goals for present and future generations. The County General Plan provides the legal basis for all subdivision, zoning, and related ordinances and for the initiation and authorization of all public improvements and projects.

The West Hawai'i Island Plan Update supports many of the goals, objectives, and policies as established in the County General Plan. In the planning of the West Hawai'i Island Plan Update, DHHL placed great emphasis on developing the West Hawai'i region in coordination with the policies and plans of the County of Hawai'i. The proposed development reflects the County of Hawai'i's vision to "designate and allocate land uses in appropriate portions and mix and in keeping with the social, cultural, and physical environments of the County." With more than 10,000 residential units planned for the North Kona region, it is essential that urban growth for DHHL lands be directed to priority tracts in these areas. As such, Kealakehe has been slated as the preferred area for residential development largely due to its location nearby existing infrastructure, feasible site conditions, beneficiary preferences and job opportunities. Additionally, Kealakehe has been planned to include community facilities such as schools, parks, shopping and office areas; thus enabling community residents the ability to live, work, learn, play and shop in one area. Kalaoa is proposed to be sited for commercial uses due to its excellent location and development potential, as the area is primarily situated along Queen Ka'ahumanu Highway. It is through the development of these "urban areas" that other regions on the island of Hawai'i can maintain their rural character, thus enabling the County to "protect and encourage the intensive and extensive utilization of the County's important agricultural lands" and "protect and preserve forest, water, natural and scientific reserves and open areas."

The County General Plan's Land Use Pattern Allocation Guide (LUPAG) controls long-term land use patterns in the County. According to the LUPAG, the West Hawai'i region consists primarily of areas designated for Urban Expansion (See Figure 5). The region also includes areas designated for Medium Density Urban and Low Density Urban in Keahuolū, and Open Space and Important Agriculture Lands in Kalaoa. As such, the proposed West Hawai'i Island Plan Update is consistent with the County's anticipated future growth regarding physical development.

4.4 Kona Community Development Plan

The County General Plan called for the preparation of community development plans “to translate the broad General Plan statements to specific actions as they apply to specific geographical areas.” The *Kona Community Development Plan* (CDP) was prepared in May 2008 for the County of Hawai'i Planning Department. The Kona CDP provides direction for the future growth of the North and South Kona districts, and offers policy statements that embody the expressed goals for present and future generations. The Kona CDP's vision statement envisions the area as:

A more sustainable Kona characterized by a deep respect for the culture and the environment and residents that responsively and responsibly accommodate change through an active and collaborative community.

In order to achieve this vision, the following principles were established which would set the foundation for the Kona CDP's goals, objectives, policies, and implementation actions: 1) Protect Kona's natural resources and culture; 2) Provide connectivity and transportation choices; 3) Provide housing choices; 4) Provide recreation opportunities; 5) Direct future growth patterns toward compact villages, preserving Kona's rural, diverse, and historical character; 6) Provide infrastructure and essential facilities concurrent with growth; 7) Encourage a diverse and vibrant economy emphasizing agriculture and sustainable economics; and 8) Promote effective governance.

The West Hawai'i Island Plan update supports the principles and objectives of the Kona CDP. The Kona CDP envisions that “The majority of future growth should be directed north of Kailua, with some future growth in the Kailua to Keauhou area, in the form of compact villages that offer increased density and mixture of homes, shops, and places to work.” The document further states that “Density in South Kona should be kept low, and its character should remain rural, with most future growth directed around existing villages and towns.” The West Hawai'i Island Plan Update is consistent with these projections as the development of the plan is concentrated in North Kona, and is located within the Kona Urban Area designation (See Figure 6). Thus developing live, work, and play aesthetics in its residential developments in North Kona, and maintaining the rural character of South Kona. In addition, lands situated in the West Hawai'i region are typically centralized in areas that either are already developed or surround existing developments, thus preserving the area's natural resources.

In regards to residential development, DHHL is committed to providing affordable residential units to native-Hawaiian beneficiaries. The Kealakehe area is envisioned include community facilities such as schools, parks, shopping and office areas; thus enabling community residents the ability to live, work, learn, play and shop in one area. This plan would mitigate community residents need to rely on motor vehicles to travel to other areas. It is through these interconnected communities that community residents are

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enabled transportation options to conduct daily routines. The development of infrastructure and essential facilities is a key component to the successful growth of the Kona region, and as such, DHHL intends to fully cooperate with interested parties to ensure that such public amenities are appropriately planned for to improve the quality of life for Kona residents.

DHHL supports the development of a diverse and vibrant economy based on agriculture and sustainable economics; and while there is an agricultural use parcel that is designated in the Kalaoa area, this land may be more suitable for urban development as the area is located within the North Kona region. As such, DHHL is evaluating lands in other areas of the island of Hawai'i which may be more suitable for agricultural and pastoral uses.



5.0

CONCLUSION

5.0 CONCLUSION

The West Hawai'i region is an area that has experienced major changes since 2002. The West Hawai'i economy has grown significantly, providing opportunities for homestead jobs and DHHL revenues. As such, there is a need to update the West Hawai'i region to reflect these changing resources and opportunities.

The West Hawai'i Island Plan Update reflects the need to designate areas within the region for commercial and residential purposes. With more than 10,000 residential units planned for the North Kona region, it is essential that urban growth for DHHL lands be directed to priority tract areas. As such, Kealakehe has been slated as the preferred area for residential development largely due to its location nearby existing infrastructure, feasible site conditions, beneficiary preferences and job opportunities. Additionally, Kealakehe has been planned to include community facilities such as schools, parks, shopping and office areas; thus enabling community residents the ability to live, work, learn, play and shop in one area. Kalaoa, with its excellent location and development potential, is proposed to be utilized for commercial uses. There are no proposed changes for the Honokōhau and Keahuolū areas.

The proposed changes to the West Hawai'i region include the redesignation of approximately 143 acres of land from Residential to Commercial in Kalaoa. In addition, 276 acres of Residential land, 81 acres of Commercial land, and 16 acres of Community Use (Villages of La'i 'Ōpua) in the Kealakehe area have been added to DHHL's land inventory. Currently, DHHL is in the process of acquiring additional lands in the Kalaoa (232 acres) and Kealakehe (46 acres) area. These lands have been accounted for and are a part of an updated Land Use Summary for the entire State of Hawai'i (See Table 7). Please note that this data was compiled from the existing Hawai'i, Kauai, Maui, and Molokai Island Plans), and does not include DHHL lands located on the island of O'ahu nor lands that were acquired by DHHL subsequent to the acceptance of each approved island plan. In all, the inventory of DHHL lands in this region is expected to increase by 605 acres from 893 acres to 1,498 acres.

In the planning of the West Hawai'i Island Plan Update, DHHL placed great emphasis on developing the West Hawai'i region in coordination with the policies and plans of the County of Hawai'i. The updated Plan analyses how the proposed changes comply with the DHHL *General Plan*, the County of Hawai'i *General Plan* and *Kona Community Development Plan*. In addition, the updated Plan is consistent with the County of Hawai'i's LUPAG Designations, as well as with the *Kona Community Development Plan's* Kona Urban Area Map. Furthermore, a MOA has been established between the County of Hawai'i and DHHL which clarifies the roles, responsibilities and obligations of each party in relation to land use planning, infrastructure maintenance, enforcement of laws, and collection of taxes and other fees on DHHL lands within the island of Hawai'i.

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DHHL believes that the proposed updates to the West Hawai'i region reflect a vision shared by the County of Hawai'i and DHHL in the planning of the area. The development of the plan would keep future growth concentrated in North Kona, thus preserving the rural character of South Kona. In addition, DHHL's proposed updates to land uses in the West Hawai'i region demonstrate its intent to "designate and allocate land uses in appropriate portions and mix and in keeping with the social, cultural, and physical environments of the County."



6.0

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6.0 REFERENCES

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