

FUJIKAWA: Okay. We're going to have Items 5 and 6 together. Jeff? And after that we can go to lunch. Okay. Application No. 5 will be Suffolk Investment LLC (SLU 04-010/REZ 04-024).

- a. State Land Use Boundary Amendment for approximately 14.87 acres of land from the Agricultural to the Urban District.
- b. Change of Zone for 14.87 acres of land from an Agricultural 5-acre (A-5a) to a Multiple Family residential – 2,500 square foot (RM-2.5) district.

Staff?

DARROW: Thank you, Mr. Chairman. If I may direct your attention to the location map, the area of these applications are going to be located again in the North Kona District. This white line running in a north-south direction is Queen Kaahumanu Extension. This lower line running in a north-south direction with the red line on it is Kuakini Highway. The red line identifies the SMA. These particular applications are located outside of the Special Management Area.

Just to reference you as to where this is at, this area identified in yellow is the Pualani Estates Subdivision. That's located directly across where these applications are located. This area here is the Lako Street Extension, I'm sorry, intersection. Over here we have Queen Kaahumanu Highway and the Palani Road intersection.

The Applicants in this case, No. 1, Puaa Development, LLC, is requesting a State Land Use Boundary Amendment from Agricultural to Urban and a Change of Zone from Agricultural 5-acre to Neighborhood Commercial – 20,000 feet for approximately 14.973 acres -.

FUJIKAWA: Excuse me, staff. You mentioned Puaa Development, we're going Suffolk Investment.

DARROW: Okay. Yeah, I was mentioning we could do both together.

FUJIKAWA: Oh, we're going to go together.

DARROW: Yes.

FUJIKAWA: So let me introduce the Applicant, No. 6, will be Puaa Development, LLC (SLU 04-009/REZ 04-025). In this Item No. 6, again, Puaa Development:

- a. State Land Use Boundary Amendment for approximately 14.973 acres of land from Agricultural to Urban District.
- b. Change of Zone for 14.973 acres of land from an Agricultural 5-acre (A-5a) to a Neighborhood Commercial – 20,000-foot (CN – 20) district.

Now you can proceed. Any questions, Commissioners? We're combining it together. Okay. Go ahead.

DARROW: Thank you, Mr. Chairman. Sorry about the confusion. Again, Puaa Development, LLC is requesting a State Land Use Boundary Amendment from Agricultural to Urban and a Change of Zone from Agricultural - 5 acres to Neighborhood Commercial – 20,000 square feet. They're identified with the red. This area here is a parcel that was recently subdivided into five parcels, four of them are just under 15 acres each.

The developer is proposing to be able to have financial institutions, restaurants, a grocery store, office space and possibly a gas station for this area. There would be approximately 93,600 square feet of commercial area proposed, as well as over 500 parking stalls on this property.

Just below this property and adjacent to Puaa Development is Suffolk Investment, LLC, who are also requesting a State Land Use Boundary Amendment from Ag to Urban and a Change of Zone from Ag-5 to Multi-Family Residential 2,500 square feet. Their proposal is to have an affordable rental market housing for 250 units. This would include 24 two- and three-story structures as well as over 300 parking stalls and a private park that's approximately one acre that would be located in this area.

Just for your information, the Waiaha drainage flow comes through these properties and has been, is being dealt with by the developer through a CLOMAR, that's within the application. And we have recently, the Planning Department has recently received a letter of support from D.R. Horton/Schuler Homes, which is the developers for the Pualani Estates Subdivision. That's located in your packet.

The Planning Director is withholding the recommendations for both applications based on the fact that we have not received comments from Department of Transportation as of this date.

I'd like to just also bring one, one more aspect to the Background. On No. 23, under Traffic in the Background, it refers to Exhibit B, the Declaration regarding Road Construction. This was something that was done at subdivision level. And it requires that the property owners within the subdivision, they are subject to the conditions of this Declaration which state that "the declarant" subject, "is subject to and burdened by an equitable servitude requiring that the roadway improvements on and over Easement '1' be completed as required by the Subdivision Code of the County of Hawaii prior to the time of any certificates of occupancy (for non-residential structures) or final inspections (for residential structures) are issued by the County of Hawaii with respect to any building permits for improvements on any of the subdivided Lots on the Property."

Just for your information, Easement 1 runs through the entire property that has been subdivided. It does go through Puaa Development's property and is also on Suffolk's property. So prior to the issuance of Final Inspections or Certificates of Occupancy,

Easement 1 will have to be constructed as part of this Declaration. This brings connection from Kuakini Highway up to Queen Kaahumanu Highway.

The accessways, Puaa Development has two permitted accesses onto Queen K. One that is located on the north end that will connect is directly across from the intersection of the Pualani Estates Subdivision Road. It is proposed to be fully channelized and signalized, and also an access that's located a little further south onto Queen Kaahumanu Highway.

Regarding Suffolk, we're looking at a possible access onto Kuakini Highway as well as the access onto Queen K from, through the Puaa Development property.

Again, both recommendations are being withheld; and we're requesting a continuance. Hopefully, we can receive comments from Department of Transportation.

FUJIKAWA: Commissioners, any questions with staff? Alameda?

ALAMEDA: So, again, the reason for the delay in the report from Department of Transportation?

DARROW: The Puaa Development property runs, is adjacent to the Queen Kaahumanu Highway which is a State highway. And it would be, we need to, you know, receive the comments from DOT so we can know what they'd like to see happen regarding the improvements on the Queen K.

ALAMEDA: And DOT's comments is delayed because they just -?

FUJIKAWA: They're the State.

ALAMEDA: No, that's okay.

FUJIKAWA: McCall?

DARROW: We've made, just for the record, we have made several inquiries and requests with no avail.

ALAMEDA: Okay.

FUJIKAWA: Commissioner McCall?

MCCALL: Yeah, maybe your comments are, Mr. Yuen's, about, in general, that this subject was subdivided recently, I mean, it was a 60-, 70-acre parcel which would have put it through the State Land Use Commission. Does your comments about, to me, whether this is appropriate or whether this really should be going to the State Land Use Commission and -? Because it's obvious the whole plan is going through -. And, in particular, we have two parcels that really are going through at the same time which, if you look at it, we're talking about a 30-acre parcel.

DARROW: I'll briefly touch upon it, but if the Director could add to it. This question was brought to our attention by the State Land Use Commission within their comment letter, and the Applicant's letter dated November 9th addresses these questions. They're stating that the land owners, the lot owners for Lot 2, Puaa Development, and Lot 5, which is Suffolk Investment, are different land owners. The other lots, we've been notified, are owned by Puaa Development. So had this been possibly Lots 2 and 3, that might have been a different situation. But, at this point, we're looking at two completely different owners; and we've been informed that these are two completely separate developments, not connected. Do you have anything further there?

FUJIKAWA: Director Yuen?

YUEN: Well, that's correct. And I did speak with the Executive Director of the Land Use Commission about this, and he concurred that we could process this on a County level, given that these are two different owners. The unfortunate thing is that the system does tend to work against good planning in this respect. It would be better that the property, if this was a 60-acre property, it'd better that it were developed in a coordinated fashion, ideally, with one owner. It could be done with separate owners but it shouldn't be forced into 15-acre blocks. The necessity of going to the Land Use Commission for more than 15 acres leads people to adopt this particular strategy. As long as they then, they sell it to different owners, it's the strategy that works from the standpoint of being able to take it to the County.

We are looking at these -. Now, on the County side, we are looking at these together to some extent. We definitely are looking at how the road circulation will affect the entire 60 acres. We're looking at the flooding, drainage conditions on the 60 acres. And, so, we will have conditions that will be common to these properties, and it may affect how the remaining lots are developed as well. But we are able to process these as two 15-acre properties under the 15 acres and less rule provided by Chapter 205.

FUJIKAWA: Okay. Any other questions, Commissioners, with the staff or the Director? If not, let's have the owner or the representative of, starting with Suffolk Investment. Hi, did I swear you in?

FUKE: Yes, I was.

FUJIKAWA: You may proceed, Mr. Fuke.

FUKE: Okay. Thank you all, Mr. Chairman, again, Members of the Commission. Just to give you some background on the applications, well, before doing that, I'd like to kind of like initially acknowledge the absence of, and along the way, you know, indicate like they are, in fact, two separate entities.

Suffolk Investment is led by a group that's based out of Denver and the principal's name is Dru McCabe, and he's not here.

Puaa Development is, the principal is Brian Cook, who's a Kailua-Kona resident. And as the Director had indicated, Mr. Cook's company also ended up buying the balance of the two 14-plus acre properties that are not before the Planning Commission today.

I'd like to also indicate that neither Mr. Cook nor Suffolk was the entity responsible in creating this subdivision. The subdivision was created by another developer called Westpro; and it was approved, I think, sometime earlier part of this year, maybe like June or July. And the former owners of the property then sold these properties, one of which went to Suffolk, three of which went to Puaa, including the remaining fifth piece is a roadway lot that abuts the extension of the Queen Kaahumanu Highway.

FUJIKAWA: So, Mr. Fuke, you represent both?

FUKE: Correct, yeah.

FUJIKAWA: Okay.

FUKE: And, inasmuch as, you know, we had requested that this item be heard kind of like concurrently largely because they are contiguous and as the Director had indicated, I think, it makes sense to look at the project in its totality rather than on a piecemeal basis.

I also wanted to kind of point out, you know, and I realize further that the Department was not coming up with the recommendation, that we're going to ask for its continuation. So we would like to, nevertheless, use this opportunity to just, you know, answer any questions, you know, that the Commissioners may have and, at the same time, hear any, whether there are any pertinent public testimony on this matter.

But I'd like to just kind of generally back up and give you a generalized description of the project, you know. As the staff had indicated, this land is really situated in an area where it's destined for some sort of urban-type of uses. The General Plan calls for like an alternate urban expansion -. It falls like between Keauhou and Kailua town, so it's more or less like an infill. So, at some point in time, it's going to be an urban question, urban-designated area. The ultimate question, however, from the County standpoint is that what kind of specific land uses should occur in the particular area. So both Suffolk and, if we can back up, and I think as the Director had indicated they wisely acknowledged the infrastructure question. And, so, when they approved the consolidation and resubdivision, there was already a requirement that there is going to have this mauka-makai connection between Kuakini Highway and the Mamalahoa Highway, or the extension of the Queen Kaahumanu Highway. So, you know, they already put that into the equation. So whoever bought any portion of the land was fully aware that no occupancy would be allowed for any development on that property if that, unless that road is built. So, you know, it's kind of clear.

It is a major expenditure for any one developer because, you know, you're looking at constructing a 60-foot wide right-of-way that stretches maybe the length of a quarter mile between Kuakini Highway and the main highway. And, in addition to that, any development would have to connect to the extension of the Queen Kaahumanu Highway, which would then require like the improvement of the makai portion of a channelized intersection and the traffic light. Pualani Development, which is on the mauka side of the highway, at some point of time is required to put in the traffic light. And the channelized, well, the channelized intersection for their portion is already there, but they're going to be putting in the traffic lights that services their project. Whoever develops on this side would have to construct the balance of the traffic light and the related intersection improvements. So it is a kind of like heavy off-site infrastructure obligation on one or the entire area.

So that's why when Brian Cook, which is the Puaa Development, was thinking about this kind of shopping complex, he felt that it was, to help defray the costs, it would be better to kind of see whether Suffolk, who was the owner of the rental housing project, was interested in kind of doing something together so they could do a cost-sharing on the mauka-makai road, as well as the channelized intersection improvement. And that's the, briefly, like part of genesis behind, you know, these two applications coming before you at this point in time.

The idea was to have like a neighborhood shopping center that services the needs of that particular neighborhood region, you know, 'cause they are, like as the staff had indicated, a number of residential subdivisions in that area as evidenced by Schuler/D.R. Horton's favorable testimony on the project, because their project is directly across the street. On the makai side of the Kuakini Highway, you have the Kuakini Makai Subdivision, you have the SCD Kahakai Estates Subdivision. So there are like a number of other type of residential projects in that area that Mr. Cook felt that, you know, would be good to be able to have a project that satisfied that need.

Suffolk, on the other hand, felt like, you know, if they're going to do a commercial development, it doesn't make sense to, you know, do something that's going to be in competition with them. And then when you look at what the demand was, then the land use needs for the Kona community especially was the need for rental housing. And, so, the proposal right now by Suffolk is to have a 250-unit rental housing project, and to the point where he has already, Mr. Dru McCabe has represented that if that is made a condition of the zone change approval, that he would have no objection. So, in other words, he would not be, you know, if that were, if this rezoning were approved with that condition, the only way that he could condominiumize that project would be having to go back to the County Council to have the condition lifted. But, you know, he felt very strongly that there is a need, a long-term need for a rental housing project and, as such, would not have minded having that being a commitment.

We did have an archaeological report, well, the archaeological report was prepared by the former owners, and they did it for the entire 60 acres of land. Relative to the Puaa Development property, there appears to be possibly two burials on the site. And they

identified seven sites, six of which were burials and the other one was possibly like a habitation site. But seven were recommended for physical preservation, and all of these sites will be preserved as recommended by the archaeologist. Two of the burial sites appear to be on the Puaa Development site, one would be on the far south end on the makai portion. But because the archaeologist's map is not like a metes and bounds-described map, then it could conceivably be on an adjoining parcel. And another burial site would be like on the north-makai end.

But in either case like, you know, the plan before you if it gets, you know, if this rezoning is approved and prior to any specific Plan Approval review, you know, there's going to have to be a burial mitigation plan prepared, and appropriate buffers prepared, and accepted by the Burial Council before the plan can proceed any further.

Relative to the Suffolk Development property, however, there appears to be none of the sites recommended for physical preservation. So that, in summary, is like the genesis behind, you know, the reason for the project, the general infrastructure issues, cultural issues. I stand prepared to answer any questions.

FUJIKAWA: Commissioners, any question with the Applicant, or the staff, or the Director of Planning? If not, again, this here, being that we do not have any of the Background Report, do I have a motion for, to continue?

SPRINGER: Mr. Chair, would you like separate motions for the respective agenda items or to treat them together?

FUJIKAWA: We'll treat it together.

SPRINGER: Mr. Chair, I move with regard with Agenda Items 5 and 6, that Suffolk Investment LLC (SLU 04-010/REZ 04-024) and Puaa Development LLC (SLU 04-009/REZ 04-025), that we continue these items until such time as all of the documentation has been received and the Planning Director has formulated a recommendation for us.

FUJIKAWA: Is there a second?

MCCALL: Second.

FUJIKAWA: It has been moved by Commissioner Springer and seconded by Commissioner McCall that these applications 5 and 6, Suffolk Investment LLC and Puaa Development LLC, be continued to, I guess, the next Kona hearing. Staff, what is the schedule?

DARROW: The next Kona meeting is January 21st.

FUJIKAWA: Director, do we have enough time for that?

YUEN: Yes.

FUJIKAWA: Agreed upon, Mr. Fuke?

FUKE: Yes, thank you.

FUJIKAWA: Any questions, Commissioners? If not, take a vote.

DARROW: Thank you, Mr. Chairman. Commissioner Springer?

SPRINGER: Yes.

DARROW: Commissioner McCall?

MCCALL: Aye.

DARROW: Commissioner Alameda?

ALAMEDA: Aye.

DARROW: Commissioner Smith?

SMITH: Aye.

DARROW: And Mr. Chairman?

FUJIKAWA: Aye.

DARROW: The motion passes.

FUJIKAWA: Thank you, Mr. Fuke.

The discussion ended at 12:19 p.m.

Respectfully submitted,

Sharon M. Nomura, Secretary