

## Kaanapali 2020 plan for Puukolii is revived

By HARRY EAGAR, Staff Writer

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KAANAPALI – After years of marking time, Kaanapali Development Corp. is ready to resume working toward residential-commercial projects that were first proposed in the early 1990s.

First in line is the Puukolii Village project, and after that the expansion of Wainee Village.

Howard Hanzawa, vice president of Kaanapali Development, cautions that a couple of conditions imposed by the state Land Use Commission would have to be revised in order to get Puukolii Village moving again.

One is to revise the affordable housing requirement from 60 percent to 50 percent. The other would be to modify the ban on construction until a Lahaina bypass highway is constructed.

Both conditions were imposed when the Land Use Commission granted Puu-kolii Village waivers from county land use requirements as an affordable housing project under the old Act 15.

“Fourteen years later, it still hasn’t been constructed,” said Hanzawa in a review of the firm’s business strategy recently.

A third obstacle looms for Kaanapali Development’s strategy: County Planning Director Mike Foley, who thinks a project at Wainee ought to have priority and who objects to the segmentation of planning for the former Pioneer Mill lands. The entire project area had been studied together as part of what the company calls Kaanapali 2020.

First, a history lesson.

Kaanapali Development is the residue of Amfac’s Pioneer Mill, which dominated economic activity in West Maui for the century from about 1860 to 1960. It was Amfac’s development of Kaanapali Resort that set up the replacement of sugar with tourism in West Maui.

Four decades later, Amfac is gone, sugar is gone and the Kaanapali Beach Resort is mostly sold off. But the remnant successor to Amfac, now named Kaanapali Development, still controls thousands of acres, many of them mauka of Lahaina town.

Some 260 of those acres at the site of the old plantation camp at Puukolii had Act 15 approval, originally for 1,400 residences and associated commercial and civic spaces.

Act 15, a state law aimed at promoting affordable housing by allowing waivers on state and county land-use procedures, has been replaced, but its reach extends into the 21st century.

Or not, in Foley’s view.

Act 15 was passed by the Legislature during an earlier period of housing stringency to speed up delivery of affordable housing. That didn’t work.

"In 1993, there were 16,000 units of affordable housing approved," says Hanzawa. "Fewer than 600 were built" statewide.

None were built in West Maui until the Villages at Leiali'i project was resumed as a Department of Hawaiian Homes development that resolved a dispute over the state's plan to sell ceded lands for affordable housing.

The requirement that developers deliver 60 percent affordables, subsidized by selling the rest at market prices, "may have proved what invalidated" the program, says Hanzawa.

Kaanapali Development has been holding frequent meetings with members of the community to map out a strategy for using its former farm fields, which it calls its Kaanapali 2020 Plan.

"West Maui needs a lot of housing," says Henry "Bruno" Ariyoshi, one of the task force members and a resident of West Maui since 1961.

At the same time, Puukolii would be competing for resources – water, wastewater capacity, highway space and construction workers – with other projects, notably Pulelehua, the new town planned by Maui Land & Pineapple Co., which has not yet gotten county approvals but does have planning department support.

"I don't know who's going to get there first," says Ariyoshi. He also says, "I don't know whether doing one is adequate."

Whichever gets in line second will have a tougher time, because one of the chief questions is impact of new development on traffic congestion.

At this point, Kaanapali Development's planning for a new Puukolii is at the drawing "bubbles" on a map stage. The map has areas marked off for houses and apartments, a school, a cultural center, commercial and office space and a hospital of some kind.

Hanzawa says he does not know precisely what the cultural center would be, but the community suggested it, so it's in the planning mix.

The "hospital" lot is a 15-acre promise to the West Maui Improvement Association, which is proposing a medical facility on the west side. A competing, but different, proposal for a medical facility is part of ML&P's Pulelehua design.

Besides the difference in medical services being proposed, there is another difference.

ML&P is including its medical lot within its overall project district application. Hanzawa says Kaanapali Development wants to subdivide its medical lot out of the Puukolii area so it could proceed to development unencumbered with the fate of the development of the village.

Except that, as a practical matter, the hospital lot would depend on utilities that would be constructed as part of the new Puukolii Village.

Hanzawa says he has no estimate of the front-loaded infrastructure costs that Puukolii will need, but they will be large.

Among them will be a new access road, because of a settlement agreement with property owners in the neighborhood who did not want a lot of new traffic on Puukolii Road.

The 260-acre site was once farmed, so archaeological sites are not expected to be an issue. A few have been documented. Most are in gulches and so can comfortably be included in the project's

open space and drainage design.

The proposed site is adjacent to, but not part of, Kaanapali Development's Ka'anapali Coffee Farms.

Pioneer Mill planted about 500 acres in coffee, which achieved critical esteem but didn't make money. Now 336 acres of established trees are being farmed by Kimo Falconer, and the farm is being divided into lots of four to seven acres.

Buyers will be able to build homes on the lots, while Falconer's company will farm, harvest and market the beans.

Hanzawa says Kaanapali Development also wants to go forward with Wainee, but it wants to do it later.

Foley wishes the company would reverse the sequence and build affordable housing at Wainee first. Its location, within walking distance of jobs on Front Street, is the best in West Maui for working people, he says, and with flat land and infrastructure nearby, it should be easier to build.

He says Kaanapali Development has told him it needs to wait until the Lahaina flood control system is finished.

Foley says the flood control work will touch only a small part of Wainee Village.

"I think parts of it could still proceed," he said.

Hanzawa says that's too risky.

"We can't build without protecting the houses," he said, considering the damaging floods that have poured through the area every few years.

Although the Natural Resources Conservation Service has designed the first segments of the system, it has not been built yet. Furthermore, says Hanzawa, the system will require about half a dozen phases, probably spaced at least a year apart.

Foley also objects to the location of Puukolii.

"They've moved it from next to the Civic Center, where it was in the community plan, above the bypass," he says.

"We think Puukolii Village should be adjacent and the affordable housing should be adjacent to the Civic Center, where it was in the plan considered years ago."

That would put it cheek by jowl with the other Act 15 project, Villages at Leiali'i.

When the state reorganized the Hawaii Housing and Community Development Corp., that, in Hanzawa's view, allowed revival of the Act 15 Puukolii Village under the new Hawaii Housing Finance and Development Corp.

Foley disagrees.

"They are trying to use legislation passed last year to say that an Act 15 project that was approved 13 years ago can be renegotiated with the HCDCH and doesn't have to be reviewed by the County Council," he says.

“I think Puukolii Village is part of Kaanapali 2020 and should be reviewed by the county.”

That could make Hanzawa’s problem with the 60 percent affordability requirement moot.

The justification for Act 15 was that it would allow faster development of affordable housing by bypassing county reviews, and in exchange the developer would have to provide a large component of affordables.

If Foley is right and Act 15 no longer applies, then normal county review would subject the project to whatever the affordable housing requirement turns out to be.

No ordinance exists, but a draft under review by the county planning commissions would peg that at 30 percent.

Hanzawa says going through country review probably would result in a much lower requirement for affordables.

“Oh yeah, we could make a lot more money. We’re not about to do that.”

Hanzawa recalled that the west side community has been meeting with the company, with some individuals attending meetings faithfully for years. These West Mauians “have given this a lot of consideration. At this point, I don’t think we can go back and change the design.”

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