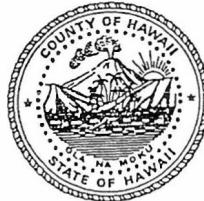


Harry Kim
Mayor



Christopher J. Yuen
Director

Roy R. Takemoto
Deputy Director

**County of Hawaii
PLANNING DEPARTMENT**

101 Pauahi Street, Suite 3 • Hilo, Hawaii 96720-3043
(808) 961-8288 • Fax (808) 961-8742

July 8, 2004

Mr. Greg Doran
Pacific Coast Properties
45-3590 Mamane Street
Honokaa, HI 96727

Dear Mr. Doran:

SUBJECT: TAX MAP KEY NO. 4-8-3-5

I am responding to questions by a prospective purchaser of this property about my attitude toward potential future subdivision of the property. It is my understanding that the potential purchaser is currently interested in a very low density subdivision consisting of at the most 6 lots. The property consists of 660 acres, and contains two legal lots of record. Under the current A-40a zoning it is potentially subdividable into 16 lots, or 17 counting the smaller pre-existing lot. The property has legal access from the Waimea side via Mud Lane. The potential buyer is interested in knowing the improvements necessary to support a very low density subdivision.

The County has a dual role in that it is the seller of the property, and that the Planning Director also has the power to grant or deny variances from the normal requirement of a county water supply and road improvements contained in the Subdivision Code. The two roles must be kept separate. The final decision on any variance comes after a process that involves notice to neighboring property owners and the opportunity for public comment. The Planning Director cannot shortcut the process by making a commitment to grant variances that would be binding in any legal sense, before the process has been completed. At the same time, I can understand why prospective purchasers might want to know where they stood with respect to the potential subdivision of the property.

Hawai'i County is an equal opportunity provider and employer.

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Also, in this case, there is the question of what would be expected in improvements to Mud Lane.

Apart from the formal criteria for a variance contained in sec. 23-15 of the Subdivision Code, in reviewing water variances I have considered:

- Adequacy of rainfall to support catchment
- Whether the proposed subdivision would fit an established land use pattern in the area
- Past actions on water variances in the area
- The adequacy of other infrastructure (we would look less favorably on a water variance coupled with a road variance.)

I have also taken the position that the County should not allow the creation of large numbers of lots by water variance, at least without a significant reduction in density.

Although, I must repeat that I cannot make an absolute commitment on this, pending comments on an actual application for a variance, an application to create six lots total, four in addition to that presently existing, would have a very good chance of being approved in this administration, given the following factors: the high rainfall, the presence of other large lots without water lots in the immediate area, the number of lots being substantially less than potentially allowed under the zoning, and the very large size of the proposed lots.

The variance would probably be accompanied by a number of conditions that are fairly standard now for water variances: an extra 6000 gallon tank on each lot for fire-fighting purposes, mandatory participation if there were an improvement district in the future to fund an upgrade to the water system, and clauses that would have the effect of prohibiting purchasers of any of the lots from obtaining variances for further subdivision of the property

With respect to Mud Lane, I have consulted with the Department of Public Works and we would be comfortable with a regraveling of the poorer areas of the existing Mud Lane, and a gravel road approximately 18' wide to the property boundary on the portion that currently exists only as a trail on the ground (approximately .5 miles). We would require covenants in the deeds that the purchasers understand that Mud Lane has not been regularly maintained by the county, and that they do not expect regular maintenance, and that the lot owners would maintain the last .5 miles (although it could not be closed to the public.)

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You may share this letter with any prospective purchaser of the property.

Sincerely,



CHRISTOPHER J. YUEN
Planning Director

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Wpwin60/Chris/Doran County land water TMK 4-3-12:6.doc

cc: Mr. Roy Takemoto
Mr. William Takaba
Mr. Bruce McClure
Ms. Nancy Crawford
Mr. William Yamanoha