

relatively low cost. The Service indicates that if a realignment is too costly for a particular project, other alternatives are possible. These include using post-tension concrete to bridge caves and mesocaverns, or placing sewer lines and cables above ground. If none of these options is economically or technically feasible, the Service indicates that a portion of a cave could be sealed off and filled in, as long as precautions are taken to minimize the impact to any cave animals that may be present. The costs associated with these various scenarios are considered in the project modification cost calculations in the Addendum.

In situations where development is displaced because of critical habitat, the cascading effect of project realignment is taken into account (e.g., a school planned for a location in critical habitat would be relocated to an area planned for residential development, thereby resulting in a loss of planned housing).

(34) *Comment:* The DEA only partially considers the “indirect impacts” of critical habitat designation, and instead focuses on “direct impacts” due primarily to consultations under section 7 of the Act. Due to precedent set by *New Mexico Cattle Growers*, the Service must fully consider both types of impacts, and the DEA must present a thorough analysis of these economic effects. Another commenter stated that the DEA overemphasizes the direct costs attributable to critical habitat designation, which are relatively minor, and ignores or omits many indirect impacts, such as: Impacts to housing supply, especially affordable housing required by State and local governments as permit conditions associated with development of “market-priced” housing, upscale housing, and resort development; impacts to public infrastructure such as schools, parks, and roads, and decreases in public revenues as a result of reduced economic activity; disproportionate impacts to specific ethnic groups, and other social impacts.

*Our Response:* Both direct and indirect impacts are analyzed in Chapter VI and in the Addendum, and both are summarized in Table Add-2.

Regarding affordable housing, schools, parks and roads, the developers are obligated to provide them regardless of critical habitat. But if they cannot build them in critical habitat, then they could be moved elsewhere within a project site, displacing market housing or other project components. This displacement was assumed in analyzing the economic impacts of the section 7 implementation for the cave animals.

As discussed in the Indirect Costs section of the Addendum and in responses to other comments, a reduction in islandwide development attributable to the intended designation is no longer anticipated. As such, any changes in the public revenues associated with reduced economic activity are expected to be minimal.

No disproportionate economic or social impacts on specific ethnic groups were identified.

(35) *Comment:* The DEA acknowledges that some or all lands designated as critical habitat may be redistricted/rezoned at the State or county level to preclude further development, and the actual economic costs of redistricting could be very high (\$1.54 billion to \$3.1 billion). These estimates are mentioned in the text but not in the summaries of the economic impacts.

*Our Response:* Due to the Service’s intended modifications to critical habitat, economic impacts on the order of \$1.54 billion to \$3.1 billion are no longer anticipated. The Indirect Costs section of the Addendum considers the potential indirect impact of the intended designation on each parcel in the intended designation to determine an estimate of development impacts (including any associated with potential redistricting, as applicable).

(36) *Comment:* The DEA does not account for investments and other expenditures already made on lands with the expectation that rezoning and redistricting will allow future development and hence a return on investment, nor does it account for the potential lost recapture of investment yields that may be foregone due to lost development potential for lands that have successfully been rezoned and permitted for development at a very high cost.

*Our Response:* The Indirect Costs section of the Addendum presents an estimate of the loss in property values due to the cave animals listing and critical habitat designation. The property values used in the analysis reflect the current market value of the land, which consists of real returns from existing uses and improvements as well as any anticipated improvements or uses.

(37) *Comment:* The DEA fails to consider the more restrictive Habitat Conservation Plan (HCP) guidelines under the Hawaii Endangered Species Law (HRS 195D–4, HRS 195D–21) which require that the State HCP permittee show a net benefit to the species. The DEA fails to analyze impacts due to the circumstance in which a landowner qualifies for a

Federal HCP but is unable to obtain a State HCP.

*Our Response:* None of the landowners and developers remaining in the intended designation are anticipated to seek an HCP as a result of critical habitat designation. Section 4 of the Addendum discusses the indirect impacts of the intended designation in greater detail.

(38) *Comment:* The narrative exclusion of areas underlying currently developed areas such as buildings and driveways (“unmapped holes”) is too vague considering the cryptic nature of the organisms and their habitats. The DEA fails to fully consider the economic impacts of landowners costs to properly demarcate “unmapped holes” in the process of obtaining necessary permits for development projects.

*Our Response:* The intended critical habitat designation contains few unmapped holes or developed areas. The costs to landowners to demarcate these sites is expected to be minimal.

(39) *Comment:* The DEA does not take into account the loss of income by Jas W. Glover Ltd., the operators of the quarry. The DEA should use a figure of \$31–35/ton for shipping of limestone to Kauai, not the \$13 to \$16 per ton due to costs of wharfage fees loading and unloading costs, trucking, insurance, and other costs. In addition, the loss of quarry materials will have impacts throughout the construction industry on Kauai. Another commenter stated the siting of an additional quarry in the area is no longer necessary because market conditions have changed and products produced by the expanded quarry are not needed by the local economy. Another commenter stated that the operator of the quarry on Grove Farm lands (Jas W. Glover Ltd.) is a small entity, and it is woman-owned and Native Hawaiian-owned. Because this firm is one of only two aggregate producers on the island the impacts to this economic sector should be considered under “Impacts to Small Entities.”

*Our Response:* The site planned for the future expansion of the limestone quarry is no longer included in the intended critical habitat designation, so the associated direct costs, indirect costs, and impacts to small entities attributable to the intended designation are zero.

(40) *Comment:* The DEA incorrectly lists Kobayashi Group LLC as the owner of Kiahuna Golf Course and surrounding lands. The golf course (225.063 acres) is owned by Kiahuna Golf Club, LLC; the adjacent lands (95.412 acres) are owned by KG Kauai Development, LLC. These are distinct entities and not subsidiaries