

a golf course and single-family homes. The employment that could be generated by this project is not known. However, construction of the golf course and homes will generate employment on the island. Since the LUC must consider factors such as the "provision for employment opportunities and economic development" (HRS 205-17) when making redistricting decisions, this analysis assumes there is a low probability that the Kaloko Properties will be redistricted to the Conservation District.

(90) *Comment:* Text on page VI-74 regarding the expansion of Kaloko Industrial Park needs to be revised to reflect an economic loss of \$33 million due to an estimated loss of 82 acres affecting 72 lots.

Our Response: As discussed in the State Redistricting of Land section in the Addendum, the planned development in the portions of the Kaloko Industrial Park expansion that are included in critical habitat include light industrial development and industrial/commercial mixed use development. Approximately 88 percent of the project is in Hawaii Unit 12. The entire project is expected to generate 19,345 direct full-time equivalent jobs during the build-out phase and 2,789 direct full-time equivalent jobs upon full build-out (Wilson Okamoto & Associates, Inc. 2000). Since the LUC must consider factors such as the "provision for employment opportunities and economic development" (HRS 205-17) when making redistricting decisions, this analysis assumes there is a low probability the Kaloko Industrial Park expansion will be redistricted to the Conservation District.

As mentioned in the State and County Development Approvals section of the Addendum, all of the major discretionary approvals for the Kaloko Industrial Park expansion have been obtained, so the designation of critical habitat is expected to have little impact on development approvals for the project. As such, this analysis anticipates there will be no loss of development potential attributable to the critical habitat designation.

(91) *Comment:* Text on pages VI-76 and VI-85 should add the proposed Kaloko Town Center and Kaloko Properties development.

Our Response: These planned developments are considered in the State Redistricting of Land and the Reduced Property Value sections of the Addendum.

(92) *Comment:* Text on page VI-83, section 4e(3), needs to indicate that the completed Environmental Impact

Statement for Kaloko Town Center will likely need to be updated and supplemented if that land is included within designated critical habitat.

Our Response: This information is included and discussed in the State and County Environmental Review section of the Addendum.

(93) *Comment:* If total economic loss of Kaloko Properties lands resulted from designation of critical habitat, this loss would be an estimated \$390 million, which would be in addition to direct impacts to three proposed roadway projects.

Our Response: As discussed in the State and County Development Approvals section in the Addendum, the Kaloko Properties and Kaloko Town Center developments (Kaloko Developments) will require major discretionary approvals from the State and county. The commenter estimates that the total economic impact if these developments do not occur as an indirect result of the critical habitat designation will be approximately \$390 million, based on the allowable density; average regional selling values of single-family and multi-family homes; the development cost of office, commercial, and retail buildings; and the development costs per acre of golf courses and parks.

However, the methodology used by the commenter to derive the estimated economic impact of \$390 million is not consistent with the methodology presented in the DEA. The landowner's estimate is based on selling values and development cost, not profits. As mentioned in the DEA, only the previous expenditures (sunk costs) and future potential profits to the landowner are considered an economic impact of critical habitat designation. Additional construction and development costs are not considered because it is assumed that if development cannot occur in critical habitat, it will relocate elsewhere in the region. This assumption is supported by the fact that a large area surrounding critical habitat is planned for urban expansion in the County of Hawaii's General Plan, and because there are other entitled projects awaiting development (such as a 1,068 ha (2,640 ac) project on State lands that is just north of Hawaii Unit 13 and planned for residential, commercial, and light industrial development; parks; a golf course; and other uses).

As estimated in the State and County Development Approvals section in the Addendum, the sunk costs associated with the Kaloko Developments in the critical habitat designation is \$5.8 million, and the present value of the future stream of profits ranges from \$17

million to \$34 million. Again, the specific likelihood that the Kaloko Developments will not obtain State and county development approvals as a result of the critical habitat designation is unknown.

(94) *Comment:* The Department of Business, Economic Development and Tourism, a State agency, commented that the designation of critical habitat would compromise the financial feasibility of the VOLA (Village of Laiopua) project should there be future Federal involvement. As such, the commenter does not agree that the economic impacts of the designation of critical habitat would be "moderate" or "modest."

Our Response: Section 3.b of the Addendum specifically addresses the commenter's concerns. The State Housing and Community Development Corporation of Hawaii (HCDCH) is the primary agency responsible for planning the VOLA (Village of Laiopua) project. As a result of further discussions with HCDCH and a review of the Service's record regarding the VOLA project, this analysis concludes that no section 7 consultations are anticipated in the next 10 years. First, HCDCH is not currently seeking Federal funding for the project and was unable to identify specific potential Federal funding programs. Second, HUD indicates that there are currently no competitive grant programs for the development of affordable housing and that there are not likely to be any in the near future (HUD 2003). Third, the U.S. Department of Agriculture Rural Housing Service (RHS) has a loan guarantee program and a competitive loan program for the development of affordable housing, but this program is used primarily by individual homeowners and has never been used by State and county agencies in Hawaii (RHS 2003). Thus, because there is no reasonably foreseeable Federal involvement for the VOLA development, no section 7 consultations are anticipated.

(95) *Comment:* One commenter provided information on a proposed plan for the rehabilitation of the landfill site at Keahuolu, which involves development of a golf course to be used to teach children both a sport and a skill, and commented that designation of critical habitat in this area would adversely affect the proposal. The commenter also commented that in the area currently occupied by the sewage plant, there was a desire to build a wetlands endangered species park and designation of critical habitat could affect potential Federal funding sources.

Our Response: Section 3.m of the Addendum discusses the K2020 project.