

WAIAHOLE -

WAIKANE

NEWSARTICLES
PHASE II

1975

PART C

Lease deadline 6-21-75 on farms passes

The deadline for the signing of new leases for farmers in the Waiahole and Waikane Valleys has passed, with no one really sure of the consequences. Mrs. Elizabeth Marks,

landowner and spokesman for the McCandless Estate, said those who failed to return the lease contract by the June 20 cutoff date were "giving an indication, I assume, that they don't want to fulfill the contract."

She would not comment on what her next step would be if the contracts were not returned, but one ex-member of the Waiahole-Waikane Community Association predicted that eviction notices soon will be sent out.

Calvin Hoe, vice president of the Community Association said, "We're not going to move and we're not going to pay ridiculous rents. We'll take a stand and hold firm. No leases are going to be sent in until we reach an understanding with Mrs. Marks."

Friday, June 20, 1975 Honolulu Star-Bulletin F-5

Cobb Boosts Moves to Encourage Farms

Christopher Cobb, chairman of the State Board of Land and Natural Resources, wants Honolulu and Maui counties to follow the lead of Kauai and the Big Island on agricultural land ordinances.

Kauai and the Big Island have increased minimum lot sizes on agriculturally zoned land, which enhances their use for growing agricultural products.

Honolulu Mayor Frank F. Fasi Wednesday proposed to the City Council that minimum agricultural lots on Oahu be rezoned from two to five acres.

Cobb would like to see Kauai, Honolulu and Maui counties go one step further and require that land suited for intensive agriculture be so used, a step already taken by Hawaii County.

"THE STATE Legislature also has the power to require larger minimum lot sizes in the ag districts," Cobb said in a speech last night at a banquet of the Hawaii Association of Nurserymen at the Ala Moana Hotel.

"Even though land may be in an agricultural district under the State land use law and zoned for agricultural use under the County zoning ordinances, the land may be unavailable to the farmers," Cobb said.

"You have all seen this happen—a good example is Waiahole-Waikane."



Christopher Cobb

A similar situation exists with former plantation land at Kilauea, Kauai, Cobb said.

In those two cases, landowners prefer to divide the agriculturally zoned land into relatively small lots on which residences can be built, he said.

"HOWEVER, it seems to me that in many cases the landowners are mistaken in believing that there is any use more profitable than agricultural use," Cobb said.

"They deceive themselves when they believe that their land can be profitably divided for a so-called ag lot project which is in fact a residen-

tial project on ag land."

Government has a responsibility to assure that agricultural land should be put to the highest and best agricultural use, Cobb said.

"The Legislature has taken a giant step in this direction by enacting a tax law which, in effect, gives a tax break to the owner who puts his land into actual ag use."

Cobb noted that Gov. George R. Ariyoshi decided to use eminent domain, the power to take private property for public use, to assure that farm land at Kilauea will remain in agricultural use.

But this action, condemnation, can be used only when the price the State has to pay for the land is reasonable, he said.

Fasi Seeks SB
6-20-75
5-Acre Farm
Minimums

Mayor Frank F. Fasi Wednesday submitted to the City Council a proposal to stop development in the Waiahole-Waikane valleys by rezoning minimum agricultural lots from two to five acres.

The proposal, which would affect all Oahu agricultural land, is partly aimed at builder Joe Pao's plan to develop the valleys.

A City spokesman said the five-acre designation would ensure that agriculture land remains as open space.

He said the two-acre zoning permits the building of "comfortable country homes" instead of keeping land agricultural.

On Monday Fasi met with a group protesting Pao's planned development.

The Council deferred action on the proposal for further study.

Tenants' Tactic Blocked

SB 7.2.75

Waikane Payment Refused

Farmers in Waiahole and Waikane valleys have been given until Aug. 1 to sign new leases that increase their rents 100 to 700 per cent. However, most of the farmers have chosen to make payment under the old rent schedule.

Waiahole Waikane Community Association officials showed up yesterday at the downtown offices of Hawaiian Trust Co. Ltd. to present a check for \$5,848 to the account of McCandless heir Mrs. A. Lester Marks.

The check was signed by Bernie Lam Ho, chairman of the association's rent collection committee.

The tactic of making payments as a group was designed to establish the

association as a bargaining agent with Mrs. Marks.

AT THE fourth-floor offices of Hawaiian Trust, in the Bank of Hawaii building, association officials and members of the news media caused some confusion for about 30 minutes.

At first, the check was accepted by Francis Chun, of the property management division. He

said those were the instructions from Mrs. Marks.

Then a minute or so later a telephone call came from Douglas Philpotts, vice president and treasurer of Hawaiian Trust, who gave instructions not to accept the check.

After another wait, attorney Daniel Case showed up in the corridor and told reporters they were trespassing and

should leave. Case and his firm represent Mrs. Marks.

CASE SAID the reporters were not doing business with the trust company, but officials would talk to representatives of the association in private.

After the discussions, the check was not accepted.

Officials said Mrs. Marks would accept individual checks from ten-

ants.

The \$5,848 represents the rent owed by 92 of the 120 lessees for the month of July.

Lam Ho had explained earlier that most of the farmers in the valleys believe the rents are unfair and provide no long-range security for farming.

Association officials today went to Kaneohe to open a trust fund in Mrs. Marks' name to take the check for \$5,848.

Ariyoshi Sets Windward Waikane Lease Study 7-1-75

Gov. George R. Ariyoshi will investigate charges and countercharges over leases and pending development in Windward Oahu's Waiahole and Waikane Valleys. He told the Star-Bulletin today he will issue a position paper on the matter soon.

He said there has been misrepresentation on all sides.

Ariyoshi met Friday with developer Joe Pao, Eddie Tangen (Land Use Commission member), and Republican Sen. D. G. "Andy" Anderson, who represents Windward residents.

Hike in size of ag lots studied

Adv.

7-2-75

By JAMES DOOLEY

Advertiser Government Bureau

Both the City and the State are studying the possibility of increasing minimum agricultural lot sizes in Hawaii as a method of protecting farmland from residential development.

The studies were triggered by developer Joe Pao's announcement intention to develop up to 2,000 acres of land in the Waiahole-Waikane valleys for residential use. A spokesman for Gov. George Ariyoshi said yesterday an administrative position paper on the issue of Waiahole-Waikane development will be released by next week.

The concept of increasing agricultural lot sizes will be one of the points addressed in the paper, Ariyoshi press secretary Ed Greaney said.

Pao has said he wants to have the land rezoned to urban use by the State Land Use Commission. That request has been turned down once by the commission but Pao intends to request the upzoning again.

IF THE SAME DECISION is rendered again, the developer has said he will then seek to subdivide the

land into two-acre lots and put a home on each of them.

Two acres is the minimum lot size now allowed under the State land use laws for agricultural land. State Agriculture Director John Farias has recommended increasing the minimum to five acres — a size which would render Pao's subdivision plans economically unfeasible.

In his regular press conference last week, however, Ariyoshi said he had some reservations about the five-acre minimum.

Some small farmers currently work lots less than five acres in size and an increase to those dimensions could put the farmers out of business, he said.

If the State Administration did opt for the five-acre minimum, however, it could not be acted upon until the legislative session next January.

ON THE CITY LEVEL, Mayor Frank F. Fasi has recommended that the City Council amend the zoning code for Waiahole-Waikane which also maintains a two-acre agricultural lot minimum.

Last week the Council referred that recommenda-

tion to the Department of Land Utilization and asked that the department study the possibility of placing a five-acre minimum on all Oahu farmland.

Department Director George Moriguchi yesterday said his staff is just beginning the requested study.

Pao currently has an application before Moriguchi to split the Waiahole-Waikane land into two parcels of about 1,445 and 540 acres, Moriguchi said.

THAT APPLICATION WILL be studied this morning by a subdivision subcommittee made up of City and State officials.

Subcommittee recommendations on the application could be delivered to Moriguchi later in the day. In that event, approval or disapproval of the application could come by the end of this week, Moriguchi said.

He stressed that the pending application does not involve subdivision of any of the land into two-acre lots.

Pao has indicated he might ask for such subdivision on at least the smaller parcel, Moriguchi said.

But such a move would require a separate application, he said.

Waikane Valley

Subdivision Approval May Be Near

SB 6-26-75

By Jerry Tunc
Star-Bulletin Writer

City approval for Joe Pao's controversial two-acre lot subdivision in Waikane Valley could come next week if no last-minute questions are raised in the required agency review.

Documents for the subdivision of property lines have been submitted to the City Department of Land Utilization as required by law.

However, the developers did not submit a copy of the agreement of sale for the land as they indicated they would in an initial application to the City.

THERE is no requirement for developers to disclose how much they

paid for the land, or how much profit they expect to make by selling off the land in smaller parcels.

The Pao Investment Corp. is buying the land from McCandless heir Mrs. A. Lester Marks under an agreement of sale dated May 31.

Pao has said he will not record the document at the State Tax Department because the details are secret. However, the State does require that some basic information on the sale be given to the department within 90 days of any sale. This is used for computing the taxes on the land.

While Pao is making his plans to sell off the land, farmers in Waiahole and Waikane Valleys continue to band together and refuse to sign new leases

that increased their rent 100 to 700 per cent.

INSTEAD of paying the higher rents, the farmers are collecting rents at the old, lower rate and say they will submit that in a lump sum to the landlord.

If the money is refused, the farmers say they will deposit it in a trust fund account for Mrs. Marks.

"We're not refusing to pay rent," said one valley spokesman, "but we won't pay those ridiculous rents in the new leases."

The payments will be made before July 1, the date when rents are normally paid, the spokesman said.

The question of eviction is still up in the air. Attorneys for the farmers

claim that they were not given adequate notice required by law for the new lease arrangements.

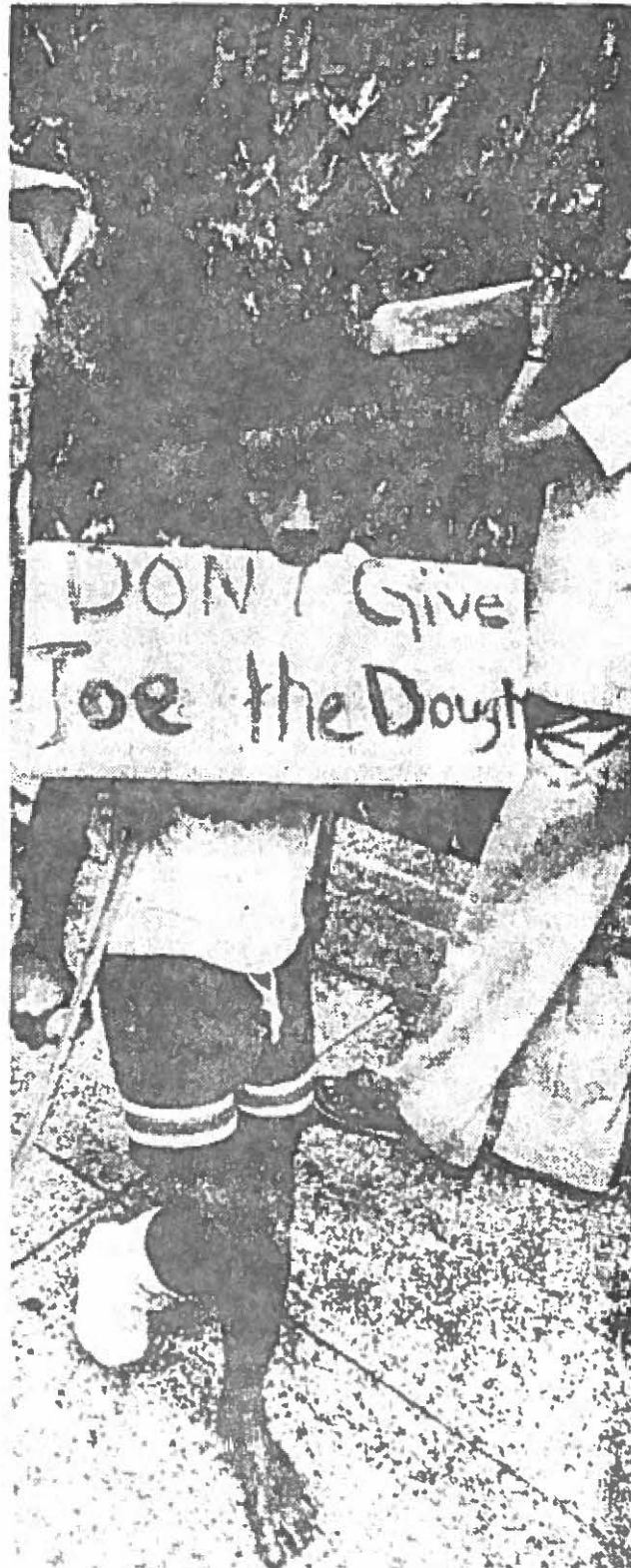
B-B Honolulu Star-Bulletin Tuesday, June 26, 1975



A NEW FRONT — A cast and crutches didn't stop this youngster from joining other residents of Waiahole-Waikane when they continued their demonstrations against developer Joe Pao on a new front yesterday. About 50 residents marched outside the Merchant Street branch of Honolulu Federal Savings and Loan with signs urging "Don't Give Joe the Dough." Honolulu Federal president John Baird said that Pao has applied for a loan and that it will be given the same consideration as any other. The Windward residents oppose Pao's plans for residential development of their valley.

Funds for Pao protested

This determined youngster was one of 70 residents from the Waiahole and Waikane Valleys who picketed yesterday the downtown branch of Honolulu Federal Savings and Loan to urge the firm not to finance developer Joe Pao's plans for the valleys. The area community association earlier met briefly with Honolulu Federal President John N. Baird, who did not say whether a financial agreement had been made with Pao.



6-26-75
ALV

SB 7-9-75

Ownership of Waikane Title Questioned

A group known as Hui-O-Waikane has questioned the ownership of land in the Waiahole-Waikane area, a move that could delay approval for subdivision of lands for developer Joe Pao.

The City Department of Land Utilization has received a letter from the group, claiming land title documents are faulty.

"We regret to inform you that land titles in the Waiahole-Waikane area remain unsettled, in spite of the McCandless heirs partition action (Civ. 8968), and the more recent search of title conducted by the Security Title Corporation," the letter said.

"IT IS OUR belief that this latest title search contains a number of serious errors."

The City planners will refer the letter to Pao and McCandless heir Mrs. A. Lester Marks for comments before taking ac-

tion on the subdivision request in Waikane Valley.

Pao is asking for the land to be split up in two parcels, one a net of 1,443 acres and another lot at 528. Approval for this split would be the first step for the development of two-acre "agricultural subdivision" lots similar to those developed in Haiku Plantations.

Those plans have not yet been submitted to the City, but must involve considerations of drainage, soils, and improvements such as roadways.

HUI-O-WAIKANE'S contentions involve the validity of a quitclaim deed between a person identified as Kaupe and L. L. McCandless in 1901.

Last month, Hui-O-Waikane filed a deed with the State Bureau of Conveyances claiming ownership of the lands and hui interests of Kaupe.

Marchers fail to

★★ HONOLULU ADVERTISER Saturday, July 12, 1975 A-7

block Pao loan

By DAVID TONG
Advertiser Staff Writer

Waiahole and Waikane residents, fighting to save their homes, unsuccessfully tried yesterday to pressure a savings and loan company into turning down a loan to developer Joseph Pao.

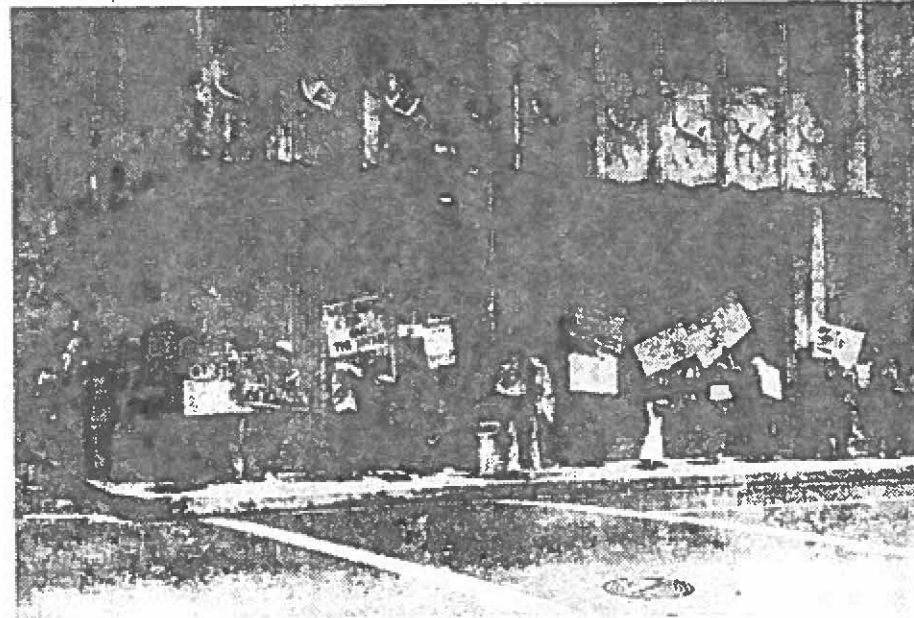
John Baird, president and general manager of Honolulu Federal Savings and Loan Association, said his company is obligated under Federal law to grant the loan if Pao meets all "established requirements."

That comment drew a disappointed response from residents. "If the Honolulu Federal Savings and Loan Association turns down the loan, other banks will be pressured not to give out the loan," said Sei Serikaku, spokesman for the residents.

SERIKAKU was among some 100 placard-carrying residents of all ages who marched in front of the savings and loan office at noon.

Police officers were on hand to watch the orderly but loud demonstration.

The residents scheduled their protest yesterday



Residents from Waiahole and Waikane march outside Honolulu Federal Savings and Loan Association yesterday.

because they had heard a rumor that the savings and loan company had to make a decision on Pao's loan by Monday.

Baird told The Advertiser that he knew of "no specific situation where we have to meet any loan requirements by Monday."

BAIRD ALSO refused to

divulge any information on Pao's loan application. A State law prohibits a bank official from discussing a client's loan with a third party, he explained.

Yesterday's protest march was the latest in a series of steps residents have taken to try to check Pao's moves.

Pao, who purchased 2,000 acres of Windward land from McCandless heiress Mrs. A. Lester Marks, wants to subdivide the land for urban use.

Rents on the land have been raised from 100 to 400 per cent, which residents say makes it extremely difficult for them to continue farming as

their livelihood.

THE RESIDENTS recently tried to pay their back rents at the old rate to Mrs. Marks. Mrs. Marks, through her attorneys, said she refused to accept the rents because the residents were acting collectively through an association.

Residents say they have been frustrated in their negotiations in part because Mrs. Marks has refused to negotiate with them in person.

THAT problem appears to have been solved. According to Serikaku, the steering committee for the Waikane-Waiahole Community Association received word Thursday night that Pao, Mrs. Marks and Republican State Sen. D. G. Anderson have agreed to meet in the Governor's conference room at the Capitol to discuss the matter on Wednesday.

Serikaku said the agenda of that meeting will deal with three major issues:

- Recognition of the Waikane-Waiahole Community Association as the tenants' representative.

- A rollback of the leases to the tenants' original rent structure. (The tenants have been paying the original rents for the past month under an agreement reached with Mrs. Marks that has delayed any increases until Aug. 1.)

- Consideration of long-term leases.

One puzzling issue yesterday was Baird's comment on his obligation under Federal law to provide the loan to Pao if he meets the requirements.

"We're walking a tight line. If we don't grant the loan to Pao, the officers and board of directors can be fined \$10,000 and sent to jail," he said.

HE EXPLAINED that a recently passed Federal law prohibits him from denying the loan if Pao qualifies for it.

One official with the Hawaii League of Savings and Loan Associations indicated there was a

Federal law prohibiting discrimination on the basis of "sex, race or whim."

That official, however, didn't know whether that law applied in this instance.

SB 7-12-75

Some Officials Have Role In Waikane Development

By Jerry Tune
Star-Bulletin Writer

Some leading government and political figures are turning up as investors in the Waikane Valley development planned by Joe Pao.

The Star-Bulletin has learned that John Henry Felix, chairman of the Board of Water Supply, will head a group known as the Windward Investors.

Felix will be president and Pao will be chairman of the board, according to reliable sources.

When asked about the news tip, Felix said he had informed the Board of Water Supply, the City Council and Mayor Frank Fasi about his investment.

According to the news sources, other investors include a leading union official and a State Senator.

THE WAIKANE development, under existing agricultural zoning, can be carried out in two-acre lots for more affluent homebuyers. A similar type development was completed several years ago at Haiku Plantations in Kaneohe.

According to the news sources, there are two investment groups being formed to develop Waikane Valley—the Windward Investors and a group known as SLC 35, which stands for St. Louis High School class of 1935.

These investors are personal friends and business associates of Pao.

While investors are being lined up, the State administration is just beginning to launch a major study of the entire Windward area.

The State Department of Planning and Economic Development is now

trying to determine the scope of the study. It will be several months before its work is completed.

Gov. George R. Ariyoshi already has said that the Windward Regional Plan is the important next step to find ways to accommodate farming, housing, conservation and other uses.

ALTHOUGH expressing interest in preserving agriculture in Hawaii, the Governor has not made any firm commitments to assist the small farmers in Waiahole and Waikane valleys.

A State report is expected next week covering possible areas of compromise between the developers and farmers.

Major questions still remain about any development in Waiahole and Waikane valleys. They involve:

—The escrow still to be

closed on the land deal between McCandless heir Mrs. A. Lester Marks, and the Pao Investment Co.

—The timetable for any development of two-acre lots in Waikane Valley considering the costly improvements necessary.

(The City will require roads up to high subdivision standards in some areas of Waikane because the area is shown for residential use on the Oahu General Plan.)

—Long-range impact on public services such as water supply and highways.

John Farias Jr., State agriculture chairman, already has pointed out that if urban zoning is granted for Waiahole-Waikane the development pressures could eventually take water that now runs through the Waiahole ditch to the sugar and pineapple fields of Central Oahu and Ewa.

Chairman of water board resigns

Waiahole role

By DAVID PELLEGRIN
Advertiser Government Bureau

John Henry Felix, chairman of Honolulu's Board of Water Supply, announced yesterday that he is resigning from the board as of Aug. 1 because of his involvement with a group of investors wanting to develop the Waiahole and Waikane valleys of Windward Oahu.

At a joint press conference with developer Joseph Pao—who recently purchased the valleys from Mrs. A. Lester Marks, McCandless Estate heir—Felix said that even as a member of the water board he would not be called upon to approve or disapprove any recommendations concerning the project.

But he was resigning, he said, "to avoid even the appearance of conflict of interest."

Mayor Frank F. Fasi said yesterday that he was sorry to see Felix go, that he felt Felix did a good job but that he felt Felix "did the right thing" in resigning.

FELIX NAMED the other investors in the venture, and said their investments range from \$10,000 to \$3 million.

With the exception of Kenneth T. Jones Jr., a businessman from Guam, Felix said all the investors are local. They include Teamsters leader Arthur Rutledge and former State legislator Mitsuyuki Kido.

Others are: John D. Correa; Michael T. Scarfone; Michael N. Scarfone Jr.; Henry M. Felix; Arthur Stranske; Dean Wakefield; Kenneth Iha; Anthony Shannon; Carl Ahlstrom; Frank Calistro; Way Enterprises (Tom Wong); Michael Wong; Anthony J. Medeiros; D&J Equipment Rentals; George Rodrigues Jr.; Walter Clark; John Gonsalves; Jack Meek; Giancarlo Chiolo; Harold Lewis (not the radio personality); Edward Martin; and William Santos.

Felix said he will be deputy manager and chief operating officer of the group, known as Windward Partners. Pao will be the manager and chief executive officer.

FELIX AND PAO also announced that:

- Honolulu Federal Savings and Loan has agreed to lend interim construction funds to the venture. The amount was not disclosed.

- The agreement-of-sale land purchase from Mrs. Marks is still in escrow. They said they could not disclose the purchase price "at this time, for a personal reason."

- They do not plan to attend a meeting scheduled for today with Windward State Sen. D. G. "Andy"

7-16-75

Anderson, Mrs. Marks and members of the Waiahole-Waikane Community Association, which has been opposing plans to develop the valleys. The meeting had been arranged by Anderson and union official Eddie Tangen to air differences over the proposed development.

Tangen has been chairman of the State Land Use Commission.

"I'm not recognizing that community association in any way, shape or form," Pao said.

He said the association is being manipulated by "outside rabble-rousers who are steering those poor farmers in a bad direction."

PAO AND his investment hui are

proposing essentially the same kind of development that was rejected unanimously by the Land Use Commission in December.

It calls for what Pao terms a "brand-new city" on the Windward side — with 7,000 living units for some 22,000 persons, putting it on a scale with Hawaii Kai.

It would be constructed over a 10-year period, with the first phase taking place in Waikane Valley. Pao said that the development would cover 894 acres and that 712 acres would be set aside as an agricultural park for commercial farming.

PAO AND FELIX said the major attraction of the project is that it

will include three-bedroom homes that will sell for \$40,000 fee simple.

"We'll be meeting a real low-cost housing need by providing fee-simple homes within the reach of the policeman, the fireman, the young teacher," Pao said. "Right now, there's a critical shortage of housing for people in their income bracket."

Felix said the development "will rank in history as the first major breakthrough in returning the land of Hawaii to all the people of Hawaii."

He said 25 per cent of the housing would be low-income, 50 per cent middle-income and 25 per cent high-income, costing up to \$300,000 a unit.

BUT PAO was quick to add that

the \$40,000 price tag on the cheaper housing was contingent upon "cooperation from the City and State agencies."

Pao said that under his timetable he hopes to "break ground" by the first of the year and have people moving into homes a year from now. In the meantime, however, he must get much of his land reclassified from agricultural to urban by the Land Use Commission and also get a General Plan amendment from the City.

But just to get a General Plan amendment often takes nine months or more, so Pao's timetable — on which he bases his low price of \$40,000 — does not appear too realistic.

SENATOR ANDERSON, who tried unsuccessfully to set up the meeting between the Waiahole-Waikane Community Association and the developers, yesterday stressed the need for Windward regional planning.

He said Pao and Felix should not expect to conduct a "lone wolf" project in the valleys.

"It has to be in harmony with the rest of the Windward district, or there are going to be lots of problems," Anderson said. He pointed out that questions concerning highway realignments, pollution of Kaneohe Bay and other planning problems must all be considered.

"There're a thousand things to be dealt with here," Anderson said. "And there's not a prayer of a chance Pao will be off the ground in six months, or nine months or even a year."

PAO ALSO SAID that if he doesn't get government approval by nine months from now, he will go ahead with an alternate plan to develop two-acre residential estates — for which he would not need zoning changes.

"But that would be a dirty shame," he said, "because there is a real need for the type of low-cost housing we can provide there."

Pao's plans have been criticized by both City and State officials. State Agricultural Director John Farias has said that the land should be retained for agricultural use, and City planners have pointed out that the proposed development conflicts with the revised General Plan, which recommends that significant new urban developments be placed in the Ewa area.

Some City planners have indicated they would oppose Pao's alternate plan of developing two-acre residential estates on agricultural land, on the grounds that it would violate the intent of State's land-use law.

Felix Quitting Water Board to Work on Waikane Project

SB 7.16.75

By Jerry Tuna
Star-Bulletin Writer

John Henry Felix, local businessman, will resign as chairman of the Board



John Henry Felix

of Water Supply, effective Aug. 1, the day he takes over as deputy manager of Windward Partners.

Felix said yesterday he made the decision to avoid any charges of conflict of interest that might result from his investment in Joe Pao's Waiahole-Waikane development.

"While I am convinced that I would be neither legally nor morally in conflict of interest by serving as deputy manager of Windward Partners and as chairman of the Board of Water Supply, I wish to avoid even the appearance of conflict of interest," Felix said in a letter to Mayor Frank F. Fasi.

Felix said he regretted leaving the board, but said his new association would involve "a meaningful project that will benefit our community."

Windward Partners was planned to be a corporation, but for tax purposes it was changed to a partnership. Pao is manager and chief executive officer.

AT A news conference yesterday, Felix was asked about a statement from John Farias Jr., State agriculture chairman, that development in Waiahole-Waikane could eventually cause demands on the water supply that would take water out of the pineapple and sugar lands of Ewa and Central Oahu.

The water now is transported from Windward Oahu through the Waiahole Ditch.

Felix said he could not

comment on the statement without making a "further evaluation" of the situation.

Felix now serves as a member of the Fire Department Advisory Board and as chairman of the Governor's Jobs for Veterans Task Force.

He has served as executive assistant to Teamster president Arthur A. Rutledge and executive assistant to former Gov. William Quinn.

Felix also has been vice chairman of the Workmen's Compensation and Industrial Safety Board, chairman of the Honolulu City Civil Service Commission, and chairman of the Honolulu Redevelopment Agency.

Wants Fast OK of Waikane Plan

SB

7-16-75

Pao Lists a Choice

By Jerry Tune
Star-Bulletin Writer

Developer Joe Pao says he hopes to complete the first homes in Waikane Valley in about one year—some priced under \$40,000 on fee simple land.

But, Pao says if he doesn't get all the necessary approvals from the State Land Use Commission and the City within nine months he will sell the land in two-acre lots to more affluent buyers.

Pao revealed the choices to let the public know what could happen, and at the same time challenge State and City governments to cooperate.

The State Land Use Commission already has turned down a request to urbanize the Waiahole and Waikane lands, but Pao says he will reapply sometime this fall.

HE WANTS quick approval and then will take the case to the City for

necessary general plan and zoning changes. Pao says this should all be completed within six or nine months after he first applies to the State.

Asked how he expects such quick action when the normal studies for these changes sometimes takes two years, Pao said if it takes that long he can't guarantee the low prices. Talking at length about his record of supplying low-cost homes to Hawaii, Pao said he sold homes in Kailua Heights for \$13,500.

Then he smiled and hinted of innovations in construction which will enable him to lower prices for the "policemen, firemen, teachers" and other middle-income people.

Pao would not disclose what these innovations were, but smiled when asked if they involved some new form of modular construction.

HE DID say, however, that he has been talking

to financial institutions about new 40-year loans with terms that delay part of the payments for 30 years. Presumably, that could make it easier for the buyer to make the monthly payments.

Pao's latest plan for the valley is about the same as the one he announced last December before the Land Use Commission, except now he is stressing the fee simple advantage.

"We are breaking up one of the big estates in Hawaii," said Pao. "And we are providing fee simple homes."

Some of the major promises made by Pao are:

—Of the 7,000 homes in the entire development, between one-third and one-half will be priced at or under \$40,000.

—THESE homes will have an appraised value of about \$65,000. Pao says he will work with the City and/or the State to deliver the homes, and there could be some restrictions on resales.

—None of the buildings will be higher than three stories.

—Prices will range from \$40,000 to \$300,000.

"In any community, you must have homes for the poor and the rich," Pao said.

—It will be five years before the development will get into Waiahole Valley, where most of the farmers live. Meanwhile, Pao wants the farmers to stay there.

—The development will include schools, a shopping center, and supporting services constructed over a seven-to 10-year period on 894 acres, and a 712-acre agricultural park. Total size of the Waiahole-Waikane area is 4,654 acres.

TWO-THIRDS of the land will remain in conservation.

Pao did not disclose the price he is paying for the Waiahole-Waikane land from McCandless heir Mrs. A. Lester Marks, but reliable sources say the figure is between \$37 million and \$42 million.

He said this information would be made available at a later date.

In disclosing the list of investors in the project, Pao confirmed three of the best-known principals. John Henry Felix, chairman of the Board of Water Supply; Arthur Rutledge, head of both the local Teamsters and Hotel and Restaurant Workers unions; and Mitsuyuki Kido, former State senator.

Other partners in Windward Partners are: Pao Investment Corp., John D. Correa, Michael T. Scarfone Sr., Michael N. Scarfone Jr., Henry Felix, Arthur Stranske, Dean Wakefield, Kenneth Iha, Anthony Shannon, Carl Ahlstrom and Frank Calistro.

ALSO Way Enterprises, headed by Tom Way Wong; Michael Wong; Anthony J. Medeiros; D&J Equipment Rentals; George Rodrigues Jr.; Walter Clark; John Goncalves; Kenneth Jones Jr.; Jack Meek; Giancarlo Chiolo; Harold Lewis; Edward Martin; William Santos; and G.B.H.L.G.E., a trust for the children of George Sumner Jr.

Pao said the investments vary from a low of \$10,000 to \$3 million.

Asked about the future of agriculture in Waiahole-Waikane, Pao said the issue has been blown out of proportion.

He said only 70 acres is now used for full-time farmers and a total of 110 acres when "weekend" farmers are added to the list.

Pao said his figures are based on the lease agreements filed with Mrs. Marks.

A spokesman for the State Department of Agriculture said the total acreage in farming may be about 150.

Asked about the possibility of longer-term leases for the farmers in certain areas, Pao said they will be offered 15-year terms in the 712-acre agricultural area.



Advertiser photo

In his office, developer Pao holds press conference with Felix (right).

7.16.75 Pao's
Press Conf. at
his office

Titles may spur long legal fight

Even if Joe Pao gets the necessary rezonings and General Plan amendments to proceed with his proposed development of the Waiahole and Waikane valleys, he could be tied up in court for years over land-title disputes.

A memo from the City Corporation Counsel's office this week indicates that old Hawaiian land-claim questions in the area may never have been properly resolved.

Pao is expected to buy most of the valley land through an agreement of sale with Mrs. A. Lester Marks, McCandless Estate heir.

But last month, a group called "Heirs of the Hui-O-Waikane" contended that descendants of former owners in the valleys could still make valid claims on some of the lands.

The group said it has contacted "a number of these potential claimants and further documented evidence has confirmed our suspicions that land titles, especially those in the Ahupuaa of Waikane are far from being quieted." ("Ahupuaa," meaning a strip of land from the mountains to the sea, was a term used in old land descriptions.)

The group said various claimants "are contemplating the resolution of land title through court action in the very near future."

In light of these claims, the City's Department of Land Utilization asked for an informal opinion from the City Corporation Counsel.

Earlier this week, an official in the Corporation Counsel's Division of Lease Survey and Acquisition replied in a memo that the "Ahupuaa of Waikane question apparently has never been settled," terming the matter "complex and complicated."

Adv.

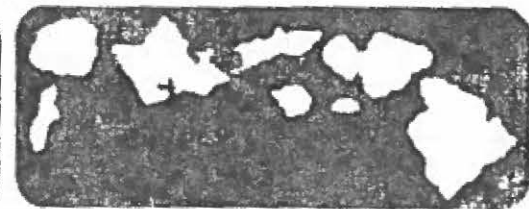
7-17-75



Advertiser Photo

Fernandez, right, reaffirms residents' resolve during press conference at Waiahole Poi Factory. From left are association members Kelly Lopes and Sei Serikaku.

Hawaii Report



★★ Thursday, July 17, 1975 A-3

They 'will have to carry us out'

By DAVID PELLEGRIN
Advertiser Government
Bureau

The president of the Waiahole-Waikane Community Association said yesterday "the police will have to carry us out of

our homes" if a proposed development by Joe Pao is approved.

"The people in these valleys are not young kids," said association president Bobby Fernandez at a press conference. "They're committed to

their lives and homes here."

But Fernandez stressed he hopes it won't come to that, and that City and State agencies would reaffirm earlier opposition to the project.

THE ASSOCIATION called the press conference to respond to plans announced by Pao on Tuesday to build a "brand-new city" of 7,000 units for 22,000 people in the valleys. The plans are essentially the same as ones rejected unanimously by the State Land Use Commission last December.

Fernandez especially wanted to challenge Pao's statement Tuesday that the association is being manipulated by "outside rabble-rousers who are steering those poor farmers in a bad direction."

Fernandez said that the group did go out to ask people for help — "the same way Pao goes outside to get firms to help him with his p.r. and planning, only we don't have the money for so-called professionals."

Fernandez said only valley residents have voting power in the association, and listed the "outsiders" who have been helping the association:

- Bob Nakata, president of the Kahaluu Coalition.
- Pete Thompson, Ethnic Studies instructor at the University of Hawaii.
- Jerry Chun, first-year Berkeley law student.
- Mike Hare, George-

town Law School graduate.

Fernandez said all were born and raised in Hawaii, adding, "How can any of these men be considered 'outsiders'?"

PAO SAID Tuesday that he wouldn't have anything to do with the association — which represents some 90 valley families — "in any way, shape or form."

He refused to attend a meeting with the association members that Windward State Sen. D. G. "Andy" Anderson had tried to set up last night.

Mrs. A. Lester Marks, the McCandless Estate heir with whom Pao has entered into an agreement of sale to buy most of the valley land, also pulled out of the meeting. She was apparently angered by association members demonstrating at her Nuuanu home on Friday.

On Tuesday, Pao said he plans to set aside 712 acres for an agricultural park, essentially the same proposal he made in his unsuccessful application

But Fernandez said much of that 712 acres is not suited for good farming and that the land now being farmed would be developed.

Pao has said that only about 70 acres are being used for commercial farming in the valleys. But that claim conflicts with State estimates.

LAST OCTOBER, former State Agricultural Director Frederick Erskine stated, "Although we know there are from 200 to 300 acres of land at Waiahole-Waikane under commercial cultivation at this time, the potential for agriculture at Waiahole is a matter that has not been satisfactorily resolved.

"We note, however, that there are between 700 and 800 acres of good agricultural lands in the area according to the most recent soil survey by the USDA soil conservation service."

Erskine also noted that the month-to-month leases in the valleys "discourage the capital investment

most efficient production."

Fernandez indicated one of the association's goals is long-term leases that would facilitate farming expansion.

THE PRESENT State agricultural director, John Farias, has also expressed a desire to preserve the Waiahole-Waikane farm lands. But the issue of saving agricultural land is only one of the fronts on which Pao's plans are meeting resistance.

The Hawaii Environmental Simulation Laboratory has written that the Waiahole-Waikane region "has one of the worst flood hazards on the island of Oahu," noting that "a substantial portion of the proposed development is located within published flood-hazard areas."

There are also concerns over possible overdevelopment of the Windward side. The City's proposed revised General Plan recommends that significant urban development located in the

7.17.75

The Honolulu Advertiser

Established July 2, 1856

THURSTON TWIGG SMITH	President & Publisher
GEORGE CHAPLIN	Editor-in-Chief
BUCK BUCHWACH	Executive Editor
JOHN GRIFFIN	Editorial Page Editor
MIKE MIDDLESWORTH	Managing Editor
GENE HUNTER	Associate Editor

Thursday, July 17, 1975

Windward Oahu's fate

Do Hawaii's people want another "brand-new city" in the Waiahole and Waikane valleys of Windward Oahu?

That's what developer Joe Pao says he plans to build there — 7,000 units for 22,000 people constructed over a 10-year period.

IT'S THE equivalent of another Hawaii Kai, this one down a two-lane highway in one of the most lush, scenic and potentially productive farm areas of the island.

But times have changed considerably since Henry Kaiser launched his dream community near Koko Head two decades ago amid skepticism it would prove neither popular nor profitable.

Now we know what's proposed might be popular with those needing housing and profitable for Pao and his associates. The issue, again, is whether it's desirable.

The State doesn't think so. Its policy is to encourage future population growth toward the Neighbor Islands and to promote diversified agriculture, the present use of parts of the two valleys.

The State Land Use Commission last year unanimously rejected an application to upzone more than 1,000 acres of agricultural land in Waiahole and Waikane valleys. It was a popular decision.

The City Administration has a proposed new General Plan calling for major new urban growth to be directed out toward Ewa. Its planners

have noted Pao's plan conflicts with that. The Waiahole-Waikane proposals will need zoning and sewer and other approvals from the City.

THE LURE being offered for the development is that it will include some "low-cost" housing — three-bedroom homes selling for \$40,000.

But Pao says that depends on speedy reconsideration by the Land Use Commission and the necessary approvals from the City — something that's just not in the cards, unless there has been some major shift in attitudes in the State and City governments.

So there, it would seem, goes "low-cost" housing.

PAO AND HIS fellow investors have other options. But so do the State and City, not to mention the upset resident leaseholders in the area.

Alternatives must include ideas that strengthen agriculture in the two valleys. There is plenty of room for improvement.

In fact, some might suggest the major plans unveiled look like the kind of proposal to set the stage for a later compromise.

But before considering such, the State and City governments are going to have to make or strongly reaffirm basic decisions about how much of rural Windward Oahu will remain that way.

Waiahole-Waikane Issue

The stormy hearings before the Land Use Commission last winter over the plans for residential development in Waiahole and Waikane Valleys in Windward Oahu resulted in the commission's refusal to reclassify the area as urban. But that was not the end of the story.

Since then developer Joseph Pao has moved to acquire the property from Mrs. A. Lester Marks, the McCandless heiress. And Mrs. Marks has been entangled in a fight with the farmer tenants over her attempt to raise rents from 100 to 700 per cent.

New plans for developing the valleys have just been unveiled, along with a list of influential investors. But we don't see much difference from the plans that were rejected by the Land Use Commission last winter.

More important, the need to preserve agricultural lands hasn't changed. We must encourage people who are engaged in farming and try to provide opportunities to bring more into the field. This is necessary both to balance our overspecialized economy and to preserve environmental quality.

The demand for such a massive residential development — 7,000 homes — is questionable. The housing market has turned soft, as witness the Hawaii Housing Authority's problems in disposing of hundreds of empty units. And there may be problems with water, highways and other facilities.

If the developers can't get the land reclassified, they are talking about building homes on two-acre lots, the minimum for agricultural land. The State and City are considering raising the minimum size of agricultural lots to five acres, which would make residential use impractical. There is also talk about disputing the use of agricultural lots for homes.

Another proposal, made by the Hawaii Farm Bureau, would enlist State assistance for the farmers in buying the land in order to keep it in agriculture.

The area we would like to see developed is not Waiahole-Waikane but Kakaako in central Honolulu. That might require more imagination and effort in bringing property owners together, but it would not encroach on agricultural land and would have a minimal impact on public facilities.

There is a need for government action in both areas. But the action required in Waiahole-Waikane is not what the developers have in mind.

SB

7-17-75

Pao's Land Offer Hit by Farmers

sec. F 17 1

By Jerry Tuna
Star-Bulletin Writer

The small farmers of Waiahole and Waikane valleys say the 712 acres of agricultural land offered by developer Joe Pao is steep "billy goat" country and other less desirable areas, while the best farming land would be in the middle of the proposed development.

Responding to a news conference held by Pao to explain his plans, the farmers held one of their own yesterday next door to the Waiahole Poi Factory.

"The agricultural land is on the side of the hills and the conservation land is in the gullies," explained Robert Fernandez, president of the Waiahole-Waikane Community Association.

"And what about his agricultural park? Will it be in two-acre lots? Private? Turned over to the government?"

AMONG the other points refuted by Fernandez were:

—McCandless doesn't own all the land in the valleys so it really isn't giving up anything when Pao says that two-thirds of the land will remain in conservation.

—Some farmers work land in the valleys but do not live there, and these people are full-time farmers, not "weekend farmers" as claimed by Pao.

—The so-called low-cost homes will really be duplex units of modular construction, "the cheapest kind to build."

—The developers are not returning the land to the people "but to outside investors."

FERNANDEZ pointed out that Pao's plan is the same as one presented months ago to the State Department of Agriculture and deemed unsatisfactory by the community association.

He said the Soil Conservation Service points out there are 700 to 800 acres in the valleys that could be farmed.

The association labeled the resignation of John Henry Felix as chairman of the Board of Water Supply "ironic" because of the water questions.

The association says that studies show there will be a water problem once the development goes beyond 1,500 units.

Responding to Pao's statements concerning the "rabble rousers" who are leading the farmers to eviction, the association listed the "outside support" it is receiving.

SUPPORTERS include Bob Nakata, president of the Kahaluu Coalition, Pete Thompson, ethnic studies instructor at the University of Hawaii; Jerry Chun, first year Berkeley law student; and Mike Hare, lawyer and president of Young Democrats.

All were born and raised in Hawaii, the association noted.

Fernandez said the farmers have the support of 25,000 names on petitions and many organizations in the State.

"The valley people will go all the way on this," said Fernandez, "we're not young kids, but mature adults . . ."

He said if there is no resolution of the conflict, and the leaders in government don't do anything, then the farmers will stay in their homes until the police come and carry them away.

Fernandez also said that there may be a court case to test the use of two-acre "agricultural subdivision" lots that are merely large estates and not being used for agricultural purposes.

Waiahole Tenants Offered Annual Rent Agreements

Related Story, Page F-1

The Waiahole Valley farmers will be given a little more security than they had in the past—one year rental agreements, extended from year to year and cancelable on 60 days' notice.

Mrs. A. Lester Marks, McCandless Estate heir and owner of the Waiahole Valley lands, outlined the new rental terms today.

She said the terms are similar to those extended by the State of Hawaii for State-owned lands.

Residents complained this summer when new rents were hiked from 100 to 700 per cent.

MRS. MARKS said the new rates will be as follows:

- Good-quality agricultural-zoned land: \$33 per acre per month.
- Medium-quality agricultural-zoned land: \$27.
- Other agricultural-zoned land: \$7.
- All house lots: \$100.
- Urban-zoned land: six per cent of State-assessed value (which is 70 per cent of estimated market value) per annum.
- Commercial-zoned land: eight per cent of State-assessed value per annum.

MRS. MARKS noted that less than 30 of her tenants in Waiahole are full-time farmers. She said that of the total 110 tenants, more than 60 are residential tenants.

All real-property taxes on the Waiahole rented lands will continue to be paid by Mrs. Marks under the new rental plan. As in the past, she said the tenants will be responsible for all improvement taxes and gross income taxes.

Mrs. Marks said the

new rental terms have been approved by Windward Partners, the development group headed by Joe Pao which has an option on the lands.

Pao plans to develop Waikane Valley first and said this week he wouldn't be constructing Waiahole Valley for about five years.

Mrs. Marks said past rentals in Waiahole-Waikane have been far below the rates charged for similar lands throughout the State.

IN SETTING the new rental rates, she first established what the statewide average was for each type of land, then made an allowance in the rate because they were short-term rental agreements rather than long-term.

"I want my tenants to pay a fair rental price but I am not going to ask them to pay as much as they would have to pay any place else in Hawaii for the same quality land," she explained.

Tenants who have not completed their new rental agreements by Aug. 1 will be presumed to have canceled their tenancies, she said.

Fifteen of the tenants already have executed their new rental agreements, she said.

SB 7-17-75
P A-S

Pao's Action Irks Governor Ariyoshi

SB

7-17-75

PAS

The State administration today appeared to be on a collision course with developer Joseph Pao.

At his weekly news conference, Gov. George R. Ariyoshi said he was "very angry" when he learned Pao had issued an ultimatum to the City and State governments to cooperate with his Waihole-Waikane Valley development plans. Ariyoshi and his Cabinet had been on a Neighbor Island business swing.

PAO HAD said that if he doesn't get the necessary approval for his project from the State Land Use Commission — which has already rejected a similar demand — he will sell off the land in two-acre lots to more affluent buyers.

"I'm angry and upset that plans for this kind of development was announced and that he plans to go ahead with them," Ariyoshi said.

He said he had met with Pao, Windward Oahu Sen. D. G. Anderson and Eddie

Tangen, former Land Use Commission chairman, on June 27.

"I had some expectation that no development would be considered until after a Windward Oahu regional land use plan was completed," Ariyoshi said.

"I don't want to see piecemeal development of that area and I had hoped that any type of development would be worked into our Windward Oahu regional plan."

That plan is being drafted by the State Department of Planning and Economic Development.

The Governor warned that those involved with Pao should not "expect any type of smooth sailing" since they will have to deal also with State and County governments.

The Governor said he is not ready to state what course of action the administration will take on the issue. But he noted that Pao's plan to subdivide the Waihole and Waikane Valleys into two-acre lots is "a bad thing."

Ad agency to promote Waiahole-Waikane project

Adv. 7-18-75

Developer Joe Pao has hired an advertising agency to promote his proposed Waiahole-Waikane "new city"—and it's the same agency that did promotion work for the City's revised General Plan, which opposes developments such as Pao's.

John Cavanagh, president of Fawcett-McDermott-Cavanagh Associates, told The Advertiser yesterday he wouldn't have decided to

represent Pao if he didn't think the proposed development was a worthy project.

"We're going to be communicating his story," Cavanagh said. "It's one that needs to be communicated."

LAST YEAR, the same firm put together for the City Planning Department a narrated slide show touting a proposed new General Plan that says new urban developments

should be located in the Ewa area.

That slide show has since been shown around the island between 200 and 300 times—making the point that new developments on the scale of Pao's should not be permitted on the Windward side.

Cavanagh said he personally never has seen a copy of the proposed revised General Plan and "can't express much knowledge on it."



CAVANAGH

He said that basically his firm was performing a "mechanical function" for the City, by translating City material into the slide show format.

Waikane Land SB 7-18-7 Title Studied

Questions of land titles in Waikane Valley may cause problems for developer Joe Pao if any gaps in the chain of title show up after legal action.

Pao is purchasing the land on an agreement of sale from McCandless heir Mrs. A. Lester Marks, but the ownership is being challenged by a group known as Heirs of Hui O Waikane.

Planners at the City Department of Land Utilization are studying the application by Pao to split the land in two large lots.

A MEMO from the City Corporation Counsel's office says the question of the "ahupuaa of Waikane" apparently has never been settled, although a judgment has been rendered.

(An ahupuaa is the Hawaiian term for measuring land from the mountains to the sea, a common method for land ownership.)

The City memo recalls that in 1938 L. L. McCandless attempted to have the title clarified in Land Court but for "unknown reasons" this was removed and the issue was taken to Circuit Court.

It wasn't until 1970 that the title question was resolved in Circuit Court.

But last month the Heirs of Hui O Waikane filed a deed with the State Bureau of Conveyances claiming ownership of some lands in Waikane Valley.

The group also says it is contemplating "the resolution of land title through court action in the very near future."

Governor, Mayor Adv. 7-18-75 (HEADLINES) oppose Pao plan to develop valleys

By DAVID PELLEGRIN
Advertiser Government Bureau

Although seldom in agreement, both Mayor Frank E. Felt and Gov. George R. Ariyoshi yesterday stressed their opposition to Joe Pao's plan to build a "brand-new city" in the Waiahole and Waikane valleys of Windward Oahu.

Pao wants to build 7,000 residential units for some 22,000 people over a 10-year period.

The proposal conflicts with the City's position that urban development should be in the Ewa area and with the State's position that good agricultural land on the Windward side should be retained.

MAYOR FELT yesterday issued this statement to The Advertiser:

"My position has been and remains that the land at Waiahole-Waikane should remain in agriculture. In fact, I have asked the City Council by letter to change the zoning for agricultural subdivisions from two-acre to five-acre parcels.

"I continue to oppose any development in that area because the existing highway would be grossly inadequate and because there are no sewers. Furthermore, there are no plans to correct either of these problems in the near future.

"The fact that (outgoing Chairman of the Board of Water Supply) John Felix has recently become involved with the proposed development has in no way changed either my opposition to the project or my friendship for him as an individual."

AT HIS weekly news conference, Governor Ariyoshi described himself as "very angry and upset" over news that Pao intends to try to go ahead with the plans.

Ariyoshi warned that the project faces many serious hurdles and that investors in the Pao project could stand to lose money if the plan does not go through.

News of the latest plans for

Waiahole-Waikane came on Tuesday, as Ariyoshi was on a Neighbor Island tour, and the Governor said it came as a surprise.

He said it had been his hope that the developers would hold off announcing any project until a regional plan for the whole Windward area is prepared. Such a plan would not necessarily preclude some development in the two valleys, Ariyoshi pointed out.

ARIYOSHI MET with Pao last week and said he came away with the expectation that a regional plan could be worked out first.

After the press conference, Pao told The Advertiser that he tried to tell Ariyoshi about the announcement but that the Governor "didn't return my call."

Pao said his announcement Tuesday wasn't really new, because it's

Over \$40 million

Developer Joe Pao yesterday told The Advertiser his land purchase from Mrs. A. Lester Marks cost "more than \$40 million."

about the same plan that was rejected unanimously by the State Land Use Commission last year.

HE SAID he made essentially the same development proposal again this week because he "can't work with the rabble-rousers" in the Waiahole-Waikane Community Association, which opposes his plans.

"I was poor once," he said. "I'm trying to be good to those people. I could kick them out on their fannies, but I'm willing to let them stay there longer."

Pao has said that if he cannot get the necessary zoning for his "new city," he will go ahead with a plan to put in individual two-acre residential estates.

Such luxury development apparently would be permitted under existing agricultural zoning — although some City planners say they

would fight it on the grounds that it would violate the intent of the State's land-use law.

Ariyoshi indicated yesterday he would fight the two-acre proposal as well, characterizing it as a "very, very bad thing."

PAO HAS SAID that the first phase of his development would be in Waikane, and that the Waiahole phase wouldn't begin until about five years later.

He is buying the land from Mrs. A. Lester Marks, McCandless Estate heir, who would continue to control the Waiahole land in the meantime.

Leases on the Waiahole land will expire Aug. 1, and yesterday Mrs. Marks announced new lease offers.

Instead of a month-to-month system such as the tenants are under now, Mrs. Marks will offer one-year leases extendable from year to year and cancellable on 60-day notice.

Welcomes City, State Input

Felix 'Understands' Land Concern

John Henry Felix, deputy manager of Windward Partners, said today he understands the concerns expressed by Gov. George Ariyoshi and Mayor Frank F. Fasi regarding the Waiahole-Waikane development.

"We're concerned, too, that this extensive piece of fee-simple land be developed in the best interests of all the people of Hawaii," Felix said.

"We want the input of the State and City-County governments to insure that Waiahole-Waikane becomes a model for future development of all our land throughout the State.

"ONLY WITH government and private enterprise working closely together can the facilities needed by our growing

population be expeditiously realized."

Felix said he was glad that both the Governor and Mayor "have so clearly established their concerns because that will help clarify the precise issues involved here."

He said that the proposed general plan which indicates a preference for population growth in the Ewa and Leeward sections of Oahu "is just that ... a proposed plan."

"It's the beginning of a guideline which is certainly good to have," Felix said. "But the plan didn't take into consideration the availability of the total Waiahole-Waikane area for fee-simple residential and agricultural development.

"If this had been a known factor when the plan was drafted, it obvi-

ously would have influenced the plan's recommendation."

FASI SAID yesterday that he opposes development in Waiahole-Waikane.

"In fact, I have asked the City Council by letter to change the zoning for agricultural subdivisions

from two-acre to five-acre parcels," Fasi said.

"I continue to oppose any development in that area because the existing highway would be grossly inadequate and because there are no sewers. Furthermore, there are no plans to correct either of these problems in the near future."

Fasi added: "The fact that John Felix has recently become involved with the proposed development has in no way changed either my opposition to the project or my friendship for him as an individual."

Ariyoshi said yesterday he was "very angry" when he learned that

developer Joe Pao had given the State and City an ultimatum that they either cooperate with the housing plans or the area would be used for two-acre lots.

He stressed the need for a Windward regional plan before the land uses can be decided.

Rejected developing of Waikane: planner

By DAVID PELLEGRIN
Advertiser Government Bureau

A City planning official said yesterday that those who prepared the proposed new Honolulu General Plan considered and rejected the idea of developing the Waiahole-Waikane Valleys.

Donald Clegg, deputy director of general planning, termed as "nonsense" a suggestion by John Henry Felix that when the proposed plan was drafted, development of the two Windward valleys was not contemplated and hence wasn't evaluated from a planning standpoint.

Felix is resigning as chairman of Honolulu's Board of Water Supply on Aug. 1 to become deputy manager of Windward Partners, a group of investors that wants to build a "brand-new city" in the two valleys for some 22,000 people. Developer Joe Pao heads the group.

The proposal conflicts with the City's position that urban development should be in the Ewa area and with the State's position that good agricultural land on the Windward side should be retained.

FELIX SAID IN A press release yesterday that the General Plan proposal for concentrating population growth in Ewa "is just that . . . a proposed plan."

"It's the beginning of a guideline which is certainly good to have," Felix said. "But the plan didn't take into consideration the availability of the total Waiahole-Waikane area for fee-simple residential and agricultural development.

"If this had been a known factor when the plan was drafted it obviously would have influenced the plan's recommendations."

But Clegg, the deputy planning director, said that isn't so.

"WE DEFINITELY CONSIDERED the Waiahole-Waikane area for possible development — as we did all lands around the island," he said.

"And we still feel that development of those two valleys would be contrary to the proposed policies of the General Plan."

On Thursday both Gov. George Ariyoshi and Mayor Frank Fasi stressed their opposition to Pao's and Felix's plans.

Felix said yesterday he is "glad that both the Governor and the Mayor have so clearly established their concerns because that will help clarify the precise issues involved here . . ."

City Councilmen Sandy Holck and Toraki Matsumoto have expressed concern over the proposed housing development in Waiahole and Waikane Valleys.

In a joint statement yesterday Holck, who represents the Kaneohe-Kailua district, and Matsumoto, who represents Northern Oahu, said:

"We personally feel that the proposed development would have adverse ecological and social impact not only on the immediate surrounding areas but also on the entire Windward side."

Pointing to the inadequate highway, schools and sewage facilities existing in the area, the councilmen said, "we are in complete agreement with Mayor Fasi and Gov. Ariyoshi" in opposing the development.

The statement concluded: "We will do everything in our power to stop this type of helter-skelter, piecemeal development in Windward Oahu unless availability of public facilities has been insured."

SB Felix Will Speak 7-19-75 on TV Tomorrow

John Henry Felix, who is giving up the chairmanship of the Board of Water Supply to become deputy manager of Windward Partners, Joe Pao's controversial Waiahole-Waikane development, will make two television appearances tomorrow.

Felix is to appear at 11 a.m. on KITV-TV's "Word 4 Word" and at 4 p.m. on KGMB-TV's "Cross-Fire."

On the 11 a.m. program, he will be questioned by Don Rockwell, Sewart Cheifel and Karen Ahn of the KITV news staff.

He will discuss the Waiahole-Waikane development on both two programs.

"Cross-Fire" is a joint production of KGMB and the Honolulu Star-Bulletin. On this panel interview, Felix will be questioned by the Star-Bulletin's Jerry Tune and KGMB staffers.

Felix: LUC Adv. 7-21-75 open-minded on Waikane

The State Land Use Commission has left the door open for reconsideration of the proposed development of Waiahole-Waikane, John Henry Felix, new chief operating officer for the project, said yesterday.

The commission in October unanimously rejected the plan to build 7,000 units for 22,000 residents over a 10-year period in the twin valleys.

But Felix, appearing on both KGMB's "Cross-Fire" and KITV's "Word-4-Word," contended the application was rejected because the then-State director of agriculture wanted differences between the tenants in the valleys and the developer resolved before the State gave its go-ahead.

"You might say there was not a rejection, but a tabling of the proposal at that time," Felix said.

FELIX SAID HE WOULD like to get government approval of the project by the first of next year. He added that such quick processing could be accomplished if government streamlined its operations.

He also said quick approval of the project is necessary if developer Joe Pao is to deliver on his promise that about one-third of the homes will be for low-income families.

Felix said the development, which Pao would like to name after the McCandless family, which owned much of the valleys, would have homes ranging in price from about \$40,000 to \$300,000.

Felix was asked if Pao was developing the area for the good of the community or to erect a Hawaii Kai-style memorial to commemorate Pao's work over the years.



FELIX

"When people think of Mr. Pao they have to think of a man of great vision who at one period of time went ahead with major projects that were underfinanced," Felix said. "But he stuck to his guns and he built 11,000 homes, 80 per cent of them for low-moderate and moderate income groups," Felix replied.

"He developed all of the homes built in Enchanted Lake, which was completely unusable land at the time," Felix said. "I believe about 90 per cent of that housing was for low-moderate to moderate income groups."

FELIX DENIED THAT PROFIT is the main motive in the development of Waiahole-Waikane, for either himself or Pao. He said the primary motive is community service.

Members of the Waiahole-Waikane Community Association said in a statement issued after the broadcasts they had declined an invitation to appear opposite Felix on television but would welcome an opportunity to appear with developer Joe Pao.

One topic of yesterday's "Cross-Fire" had a special meaning for the show's two scheduled panelists.

The topic was a major new development in Windward Oahu and its impact on the highway system serving the area.

The reason it touched home for KGMB newscaster Bob Jones and Star-Bulletin reporter

Jerry Tune — both Windward residents — is that they both got stuck in the traffic jam caused by the closure of the Pali Highway and failed to get to the studio in time for the beginning of the live broadcast.

Jones joined the questioning about 10 minutes into the show Tune didn't appear.

"John Felix is just a small part of Windward Partners — a front man for Joe Pao," the statement said. "He is part of the developer's effort to improve his public image."

On "Cross-Fire," Felix said that two-thirds of the land in the valleys will be left as open, conservation land.

THE COMMUNITY ASSOCIATION in their statement said the development plans "indicate that most of the land which is buildable is slated for development, including a good part of the prime agricultural land."

The association also said, "We question the developer's ability to deliver the \$40,000 housing he is promising."

Felix said that the Windward Partners already have plans for improving the traffic flow and drainage in the Windward area and for cleaning up the shoreline.

He said the developers plan to relocate the highway beginning at the Kam-Kahekili highways intersection so that it will head mauka into the heart of the development.

This project to improve the traffic flow will cost the developer about \$3 million, according to Felix.

In Controversial Land Deal

Felix Says Profit Isn't His Motive

SB 7-21-75

John Henry Felix, departing chairman of the Board of Water Supply, said yesterday he is joining Joe Pao's controversial Waiahole-Waikane development company not for profit but to "contribute something to my community."

"The profit motive is secondary in my case. I want to contribute something to my community providing fee simple property to individuals who could not ordinarily afford to acquire these lands," he said.

Felix was interviewed yesterday on KGMB-TV's "Cross-Fire" and KITV-TV's "Word 4 Word" programs.

He will become deputy manager of Pao's Wind-

ward Partners at the end of the month.

FELIX SAID Pao's motives also have an idealistic base. "He's made his fortune many times over. He doesn't need this" (for income), Felix said.

He said about a third of the proposed 7,000 units in the development would be for "average persons" such as schoolteachers and policemen who prefer not to live in condominiums but cannot afford present single-family fee simple homes.

He said the moderately-priced three-bedroom home in the development would sell for about \$40,000 with a \$2,000 down payment, 40-year mortgage and a \$275 monthly payment. "This would make a home available to the person who makes \$1,100 a month," he said.

He said the project would not be "another Hawaii Kai" because 3,000 of the 4,600 acres would be left in open space, including 711 acres in commercial agriculture instead of the present 70 acres.

HE ALSO said about a third of the homes would

sell from \$100,000 to \$300,000.

He said traffic problems would be alleviated partly by State plans to widen

Two panelists scheduled on yesterday's 'Cross-Fire' program found themselves personally involved with the panel program's topic—traffic from Windward Oahu.

KGMB-TV newscaster Bob Jones and Star-Bulletin planning writer Jerry Tune—both Windward residents—were stuck in a Pali Highway jam caused by an overturned truck.

Jones joined the television panel late and Tune never made it.

"We learned our lesson about traffic," Tune said today. "It would mean the same thing to add 23,000 residents over there."

Kamehameha Highway from two to four lanes.

While defending opposition to the project from all sides—including Mayor Frank F. Fasi and

Gov. George R. Ariyoshi—Felix said, "Thank God for the developer, who is willing to put his money and reputation on the line."

On "Word 4 Word" he was questioned by Don Rockwell, Karen Ahn and

Stewart Cheifet of KITV-TV news staff. On "Cross-Fire" he was questioned by Bob Jones and Doug Carlson of the KGMB-TV news staff. "Cross-Fire" is a joint production of the Honolulu Star-Bulletin and KGMB.

Plans not in State budget

Kam Highway widening opposed

By DAVID SMOLLAR
Advertiser Staff Writer

The State Department of Transportation opposes any widening of Kamehameha Highway to accommodate the proposed 22,000-person residential development in Waiahole-Waikane.

"No sir, we have no intention of widening the road beyond the Hygienic Store (at the intersection of Kamehameha and Kahekili highways)," State Transportation Director E. Alvey Wright told The Advertiser yesterday.

John Henry Felix, operating officer of the Waiahole-Waikane project, said Sunday the present two-lane highway would have to be widened and realigned mauka between the Hygienic Store and the southern, or Waiahole end of the project, a distance of about four miles.

YESTERDAY, FELIX told The Advertiser the realignment would be needed to provide better Windward Oahu traffic flow from homes in the development, 40 per cent of which could then be located makai of the new road.

Felix said the highway plans were discussed with State transportation officials last year "and they didn't say no, although I don't know where the idea was taken."

Wright yesterday indicated his staff has taken the idea nowhere, saying, "We have absolutely no intention. No widening or relocation is in any preliminary designs or plans. In addition, no such measures are contained in our six-year capital improvement budget."



WRIGHT



FELIX

WRIGHT SAID the only improvements scheduled for Kam Highway are small-scale safety measures, including the provision of bus turn-outs.

"But we contemplate a continued two-lane alignment," he said.

Felix said that Windward Partners, the group he and developer Joe Pao head, would build the portion of a relocated road within their property boundaries, "saving the State some \$3 million."

But he admitted the State would have to bear the construction costs between Waiahole and the Hygienic Store.

WRIGHT SAID the developers could build on their own land "but they could not connect to any State highways without our permission."

The State Land Use Commission last year turned down the Pao proposal for the Waiahole-Waikane area after farmers and other individuals voiced strong opposition to urbanizing Windward Oahu.

Recently, Pao and Felix again have asked for government approval of the massive project. Both Gov. George R. Ariyoshi and Honolulu Mayor Frank F. Fasi last week spoke against the plans.

Pao's Deputy, Felix, Argues for Improving Kam Highway

By Harold Morse
Star-Bulletin Writer

John Henry Felix thinks it is "premature" for the State to announce it has no plans to improve Kamehameha Highway on the Windward side near Waiahole and Waikane valleys.

Felix, who is giving up the chairmanship of the Board of Water Supply to become deputy manager of Windward Partners, Joe Pao's proposed Waiahole-Waikane development, thinks this sort of reaction represents "piecemeal decision-making."

"It's true that we have no plans to improve Kam Highway," said Tetsuo Harano, chief of the State Highways Division.

"WHEN I say improve, I mean a major construction project," Harano added.

The State may make some "spot safety improvements" where the highway is in "sub-standard" condition, he said.

But this would be limited to perhaps widening portions of the pavement, widening the highway shoulders and improving the curbs, Harano said.

Felix thinks the Pao proposal to build 7,000 housing units on the Windward side merits more sympathetic consideration.

"All departments of government have to totally evaluate this plan before they come up with piecemeal decision-making," Felix said.

"I REALLY think they should give the entire project a very fair hearing, because I feel that it's going to meet the needs of a segment of our

population that needs help as far as housing is concerned right now."

Felix said Windward Partners is willing to build a new portion of the highway about two miles long through the land that Windward Partners hopes to locate its development on.

This would cost Windward Partners about \$3 million, Felix said.

Windward Partners

wants to relocate the highway "from zero to 1,500 feet mauka," which would permit some development on the makai side of the highway and help balance the traffic flow, Felix added.

But Harano indicated the State likely would not participate in such an undertaking.

"I don't think we have the authorization," Harano said.

SB editorial
7-22-75

The Better Plan

The argument against building 7,000 new homes in the Waiahole-Waikane area of Windward Oahu was made in spades by accident on Sunday.

Closing of one of the two tunnel routes through the Koolau Mountains piled up traffic so badly on the other that the intended interviewers of the project's spokesman couldn't keep their appointments with him on the "Cross-Fire" television show.

The show went on (of course) and John Henry Felix, who is quitting as chairman of the Board of Water Supply, pictured the project as a rather altruistic effort at public service in which the profit motive is secondary.

We assume he excludes from this at least the sellers of the land, who are not making a charitable donation of it — or even offering it at acquisition cost.

If Felix and his senior partner, Joe Pao, are so totally intent on public service, we recommend the Kakaako area to them.

There, just off central Honolulu, a team of nationally top-flight specialists representing the American Institute of Architects has visualized a potential for 22,000 new dwelling units.

The AIA team last year outlined an imaginative concept of parks mixed with high-density, low-rise family housing appropriate for the special lifestyles of Hawaiian families.

The AIA team further visualized a plan of shifting property value assignments within the areas so that commercial land prices would act to subsidize land costs in residential areas and permit homes to be sold at lower prices.

Both the Waiahole-Waikane plans and the Kakaako plans are going to involve legal red tape, and changes in existing land classifications.

We submit, however, that the talents and altruism of Messrs. Pao and Felix would be better applied to the Kakaako area than to Waiahole-Waikane.

Kakaako will give people homes close to jobs, maybe even within walking distance, instead of a traffic-jam away.

It will mean lower "real" costs of residence because the high expense of commuting will be minimized.

It will mean richer lives, with less time spent in traffic jams.

If the State and City will join forces — as they hint they might — the 1,200 acres of Kakaako could be re-planned for a mixture of residential, commercial and light industrial uses.

Mountain to sea vistas could be protected. Parks could be sprinkled in. We could have a most remarkable and desirable near-town residential area.

WAIAHOLE-
WAIKANE

photos 2 1975

part D

SB 8-6-75

Waiahole Owner Acts on Evictions

McCandless heir Mrs. A. Lester Marks has asked her attorneys to prepare a motion for summary possession of property in Waiahole Valley.

Attorney Alan Kay said the motion will be filed in Kaneohe District Court sometime this week.

The action could lead to eviction of the farmers in Waiahole Valley who have not signed new leases with Mrs. Marks.

HOWEVER, the court first must hold a hearing on the matter. Kay said it would be difficult to

speculate on when farmers would be evicted because of the court date and hearing.

The farmers had until Aug. 1 to sign the new leases, which raised rents but offered a longer term. The farmers have been on month-to-month tenancies but now can get one-year leases.

Some of the farmers have signed the new leases, but most have not. Robert Fernandez, president of the Waiahole-Waikane Community Association, said the association will go to court to fight eviction.

SB 8-2-75

Valley Residents Pay Rent for July

A group of Waiahole-Waikane residents paid their rent for the month of July yesterday at Hawaiian Trust Co.

But their attempt to pay their August rent at the same rates was not successful.

Alan C. Kay, attorney for Mrs. Lester Marks, heir to the McCandless Estate and owner of the land, said the old rental agreements expired at the end of July and new higher rates went into effect as of yesterday.

"They first tendered one check for both July and August, both at the old rates, and that was rejected, and they then tendered a check that had the correct July rental at the old rate that was accepted," Kay said.

"Some tenants have signed new rental agreements and have paid new rental for August," he said.

"We hope that the remaining rental agreements will be coming in," Kay said.

The new agreements permit tenants to rent the land on a year-to-year basis where the previous agreements were month-to-month, he said.

Mrs. Marks plans to sell the land to Windward Partners, Joe Pao's development company, which hopes to build a major housing project there.

Adv. 8-3-75

Heeia Kea rally

These singers lent their voices to the cause of Heeia Kea residents at a potluck rally yesterday on the Windward Coast. Several hundred supporters showed up and organizers hoped the rally would demonstrate to Hawaiian Electric Co. the residents' determination to stay put. The electric company last week said it would seek court action if the residents stay on the land this week.



Advertiser photo by David T.

Heeia Kea and Waiahole-Waikane

Tenant groups act anew

Adv. 8-2-75 to bar eviction

By DAVID TONG
Advertiser Staff Writer

Two Windward tenant groups acted yesterday to stave off eviction attempts, but their efforts failed to dissuade the landholders from trying to evict them.

Yesterday was the termination date on leases held by Heeia Kea and Waiahole-Waikane residents.

Heeia Kea residents filed with the State Public Utilities Commission a complaint seeking to nullify a purchase agreement between Hawaiian Electric Co. (HECO) and the estate of Bernice Pauahi Bishop.

But a HECO official said the complaint "had no bearing on the termination of the tenancy agreement." HECO terminated leases because government officials have found violations of building code provisions in homes on the land.

MEANWHILE, Waiahole-Waikane residents got mixed results in their attempts to pay August rents to Mrs. A. Lester Marks, the McCandless heir, and to developer Joseph Pao. Mrs. Marks rejected and payments and Pao accepted them.

The checks were made out separately because Mrs. Marks owns the Waiahole Valley lands and Pao is the new owner of the Waikane properties.

Waiahole residents previously had been unsuccessful in getting Mrs. Marks to accept a check for their rents. Yesterday, Mrs. Marks accepted the July checks but refused the August payments, saying they were made under the terms of the rental agreement that expired yesterday.

Neither the tenants nor Alan C. Kay, attorney for Mrs. Marks, would divulge the amount of the checks.

KAY SAID HIS client "would have no other recourse but to file a motion for summary possession next week in District Court if the tenants refuse to sign the new rental agreements."

Kay indicated some tenants have signed the new rental agreement but he didn't say how many. He said the decision to accept the July rent didn't mean any change in Mrs. Marks' position.

"She didn't accept the earlier rental payments because the amount was incorrect," he said.

Kay said Mrs. Marks still doesn't recognize the Waiahole-Waikane Community Association.

Robert Fernandez, president of the Association, indicated his group would go to court if necessary in an effort to prevent eviction.

WAIKANE RESIDENTS were able to get Pao to accept both the July

and August checks.

John Henry Felix, in his first day of work with Windward Partners yesterday, confirmed he had accepted a check for \$1,134 from 10 Waikane residents.

Felix, former chairman of the Board of Water Supply, said acceptance of the checks in no way implied recognition of the tenants' community association.

Asked whether that meant Pao might follow Mrs. Mark's move towards a court-ordered eviction, Felix declined to say.

"We are still evaluating the situation," he said.

LATE YESTERDAY, seven Heeia Kea residents asked the Public Utilities Commission to nullify the 1965 agreement of sale between HECO and Bishop Estate.

The residents contend the electric company entered into the purchase agreement without any definite plans to use the property.

The residents claim the 219 acres are not "necessary for the proper conduct" of HECO's business or to increase the supply of electricity to the adjoining areas.

The residents claim HECO has held the land at the expense of consumers. They accuse HECO of making "unnecessary expenditures" of \$107,000 annually in payments since

"the Heeia Kea property is not needed in its operation."

RICHARD SUMMERS, HECO vice president, brushed aside the complaint.

He said the Public Utilities Commission was quite familiar with the

purchase agreement. He said HECO had asked the commission for permission to buy it and to establish a rate base in the area.

"The commission has to approve of anything above a half-million dollars (in our budget) for capital

expenditures," he said.

Summers, who met with the Governor's assistant yesterday to discuss his firm's plans, said he has "terminated the tenancy agreements covering property at Heeia Kea and will seek court action to eliminate trespassing after Aug. 1."

SB 8-1-75

For Pao's Project

Water an Issue in Waiahole

The availability of enough water to service a proposed major housing development for Waiahole and Waikane valleys depends upon water sources outside, not inside, the valleys, Edward Hirata, Board of Water Supply

manager and chief engineer, said yesterday.

The valleys now have a water system serviced by sources from Punaluu and Waihee, he said.

"There is no connection between Waiahole waters used for irrigation and

water used to serve whatever urban development may take place over there," he said.

There is definitely enough fresh drinking water to service 1,000 homes, Hirata said.

The water board cleared that number when developer Joe Pao last year first proposed a major development for the windward valley.

At the time Pao was seeking a State land use

change to clear the way for development.

Pao is now seeking government approval of an eventual development of 7,000 homes.

Hirata said the new proposal would have to be evaluated to settle the

question of available water.

In a related matter yesterday, John Henry Felix, chairman of the water board, formally resigned.

Felix left the board because he is a major investor in Pao's project.

Adv. 7-31-75

Water problem for 2 valleys?



COBB

LIHUE — There is not enough water available for the development of Waikane and Waiahole valleys as proposed by developer Joseph Pao, the State Land Board director said yesterday.

Christopher Cobb, on Kauai for the last of the governor-cabinet Neighbor Island visits, said if enough water was made available for the proposed development, it would have to be taken away from irrigation supplies for sugar and pineapple plantations.

In fact, Cobb told *The Advertiser*, the water situation on Oahu is such that any massive development's water requirements could only be met to the detriment of irrigation of agricultural lands.

The director of the Department of Land and Natural Resources said any transfer of water from agricultural to development use for Waikane and Waiahole valleys would require approval from the Board of Land and Natural Resources.

Cobb would not give an opinion on how the board might react to a request for such a transfer, but it has been the State's position in general that agricultural operations in Hawaii must be protected.

Pao, opponents debate issues

SUN PRESS

7-29-75

By ROBERT PROSSER
Staff Writer

E N C H A N T E D LAKES—Picturing himself as the man who pioneered low cost housing in Hawaii, Joe Pao appeared before a media group last week where he described homes, jobs and tax benefits for the government in exchange for alterations in zoning regulations in the Waiahole and Waikane valley area.

Accompanied by his newly appointed deputy manager, John Henry Felix, Pao described a housing development which calls for 7,000 living units priced so that the "fireman, the policeman and the schoolteacher" can afford to own his own \$40,000 fee simple home.

Pao also described the establishment of utilities, schools, a 10-acre shopping center and supporting services to be built over a seven- to 10-year period on 894 acres in addition to a 712-acre agricultural park.

The area under construction is for the most part zoned for agriculture, and a change in zoning ordinances will be required to permit Pao to begin his project.

Pao said that if he is thwarted by the state, which may fail to grant changes in zoning, he will have no alternative other than to sell off the land in two-acre parcels, possibly after having built more expensive homes on that part of the area that is already zoned for home building.

Residents of the Waiahole-Waikane area have objected strenuously to Pao's announced intentions and point out that the state Department of Agriculture and the Land Use Commission last fall rejected a development plan that is

similar to Pao's current proposal, described as a "new plan" for 2,868 acres.

Residents in the area have formed a community association with Robert Fernandez as president and Calvin Hoe as spokesman, to oppose the Pao development.

The community association describes as "billy goat land" and "flood gullies" the area that Pao has set aside for an agricultural park. Some of the 711 acres that Pao has said will be set aside for an agricultural park are owned by the

state or other persons, the association complained.

Pao warned that delay in beginning the Waiahole-Waikane project will result in increased real estate prices, as the result of inflation. He promised that if he can "get in and get out," he can complete the basic project in two to three years at today's prices. Vague on details, Pao said that he had a plan for the project but that he could not discuss the affair except in general terms.

The developer dismissed

persons who objected to his proposal by saying that, if some people had their way, nothing would ever be built and that his existing developments in the Enchanted Lakes area had brought homes for thousands, work for a thousand construction people and a two-million-dollar annual income to the state from taxes paid on homes which now exist in the Enchanted Lakes area.

As described by Pao, his Waiahole-Waikane project would consist of 50 per cent low cost

housing, 25 per cent medium priced housing and 25 per cent luxury housing. Houses would run all the way from a basic \$40,000 to \$300,000 per unit. There would be no houses or installations higher than three stories, the developer said.

"The meter is running," Pao said, warning that any delay in beginning the project will add to the overall cost of the project that is intended to consist mostly of three and four bedroom and one and a half bath establishments.

Continued on A-3

continued from A-1

Pao described the land in question as consisting of 70 acres of commercial farmland and 110 acres devoted to commercial and "weekend" farming. The developer said that his planned project would bring millions in money from the mainland because as envisioned at this time the project is too ambitious to be financed solely by local banks.

In defending his project before an audience that seemed skeptical at best, Pao and Felix said that the Joint Legislative Housing Committee recently announced that Honolulu was in immediate need of 25,000 housing units available to the middle-class and low-income buyers on a fee simple basis.

Felix described the proposed project as the first major breakthrough in returning land from the large estates to the people. The land in question has been the subject of a brisk controversy since it was sold to Pao by Mrs. A. Leater Marks.

Pao, opponents spar

The parcel consisted of 2,863 acres, and its transfer to Pao has resulted in a series of demonstrations during which organized groups picketed banks which helped finance Pao, Pao's office and home and the home of Mrs. Marks. Investors who are involved in the deal, according to Felix, have invested from between \$10,000 to \$3 million apiece in the project.

In discussing finances for his proposed project, Pao said that he had been talking with financial institutions on the basis of 40-year loans and mortgages with a balloon payment at the end of the first 30 years to make it easier for low-income earners to qualify for \$40,000 homes.

Pao would also make it mandatory for buyers to sell their homes back to the developer or the state to avoid real estate speculation during the early years of the property sales.

Pao explained that because the entire project could not be completed for perhaps 10 years, he would encourage farmers to remain on their land in the Waiahole-Waikane valley in areas not immediately planned for development.

He talked of offering farmers 15-year leases on farmland, but spokesmen for the farmers pointed out that ordinarily farmers are unable to obtain farm loans on lands not leased for at least 25 years.

Pao charged that opponents of his development plan for the Waiahole-Waikane valley were "outsiders," but residents in the area who have formed the Waiahole-Waikane Community Association deny this and list their main supporters as graduates of local schools and locally born. They

include Bob Nakata, who holds a master in divinity; Pete Thompson, UH instructor; Jerry Chun, Berkeley law student and Kalani graduate; and Mike Hare, UH graduate and president of the Young Democrats.

Members of the WWCA issued their own press release on the day following Pao's press conference and outlined grievances against Pao. They included the charge that a meeting between the WWCA and Mrs. Marks on the night following Pao's press conference had been cancelled due to Mrs. Mark's pique over demonstrations by the WWCA. Residents of the area complained that they had not been informed sufficiently of Pao's development plans and its impact on their lives.

The WWCA meeting with Mrs. Marks was to seek recognition of the group as the official bargaining agent for the tenants in the area; to roll back rents until a solution could be reached and to consider long term leases on land in the valley.

The press release from the WWCA charged that Pao was attempting to pressure the state to reverse its earlier stand on Windward Oahu development; to pressure local farmers to leave the land and to put pressure on the state Land Use Commission to reverse themselves in Pao's favor.

The WWCA also challenged Felix' role with Pao as deputy manager of Windward Partners, the official title of the development group.

In challenging Felix, the WWCA pointed out his former role as chairman of

the Board of Water Supply and charged that studies indicated that there was only enough available water in the Waiahole valley area for existing farms and households plus an additional 1,500 dwelling units.

If Pao adds another 7,000 dwelling units, where will the water for 5,500 new dwelling units come from except from the farmers and existing households.

The WWCA said that Felix' presence among the developers would result in a conflict of interest because future decisions on water distribution would have to be made by the water board which Felix once headed.

Opponents of Pao's plan called the returning of the land to the people "shibai," adding that the big estate was simply being given to developers for

speculative purposes.

Participants in the Pao Investment Corporation are John D. Correa, John Henry Felix, Michael T. Scarfone, Sr., Michael N. Scarfone, Jr., Henry M. Felix, Arthur Stranske, Arthur Rutledge, Dean Wakefield, Kenneth Iha, Mitsuyuki Kido, Anthony Shannon, Carl Ahlatrom, Frank Calistro, Way Enterprises, Michael Wong, Anthony J. Medeiros, D & J Equipment Rentals, George Rodrigues, Jr., Walter Clark, John Gonsalves, Kenneth T. Jones, Jr., Jack Meek, Giancarlo Chiolo, Harold Lewis, Edward Martin and William Santos.

SUNPRESS

7-(23-29)-75

Pao, TH-3 may be halted

SUPPRESS 7-29-75

By DENISE DeCOSTA
News Editor

WINDWARD OAHU—As protests continue to mount against developer Joe Pao and Windward Partners' plans for massive changes in Waiahole-Waikane, indications are that the TH-3 freeway project may also come to a standstill.

In the Pao development, Honolulu Federal Savings and Loan Corporation—the company which is assisting its financial arrangements—may come under fire for making a loan on what could later be considered a questionable or "speculative" venture.

Honolulu Federal is regulated by the Federal Savings & Loan Insurance Corp, a federal agency which protects depositors' money with government insurance guarantees.

Although FSLIC has no local office here, there is an office for the Federal Deposit Insurance Corp., which regulates banks in Hawaii.

Robert Arellanes, chief officer for that agency here, said although there is no federal agency which tells banks what they can or can't lend, "if we find in our examinations that a bank is making bad loans, then obviously the capital of the bank is in jeopardy."

The "speculative" aspect of the development plans for Waiahole-Waikane lies in the fact that both state and county administration plans call for retaining the heavy, agricultural use of the area, and directing housing construction either to the Leeward side or to the Neighbor Islands.

For either the state or county to change its plans and allow a considerably altered use of Waiahole-Waikane for housing construction at this time seems impossible, for it could render state land use and Oahu General Plans meaningless.

As for the political overtones of the situation, there have been a few changes in stance among city councilmen.

Robert Fernandez, a spokesman for residents in the area, said members of his group had earlier approached city council chairman George Akahane and Windward-Wahiawa councilman Toraki Matsumoto for help—but received little or no encouragement.

This past Friday, however, Matsumoto and Kaneohe-Kailua councilman Wilbert Holck issued a joint statement pledging their support for the fight against development of the area.

The councilmen's sentiments echoed those issued earlier by Mayor Frank Fasi and Gov. George Ariyoshi.

In reply to concerns expressed by Waiahole-Waikane residents that the mayor might favor the development since the entry of John Henry Felix onto the scene, Fasi reiterated his opposition to the project.

"My position has been and remains that the land at Waiahole-Waikane should remain in agriculture," Fasi said. "... The fact that John Felix has recently become

involved with the proposed development has in no way changed either my opposition to the project or my friendship for him as an individual."

TH-3 INJUNCTION

In another continuing Windward battle, foes of the state's proposed TH-3 freeway have filed a motion asking that a temporary injunction be called while federal judges deliberate an appeal of a ruling by Judge Sam King, Jr.

Continued on A-3

continued from A-1

The temporary injunction is expected to be called this week since the state DOT plans to begin its Red Hill tunnel blasting before the week is out, according to Anna Bond Howe of the Moanalua Gardens Foundation.

She said TH-3 opponents have also filed suit this week against the state Department of Land and Natural Resources, contending that the DLNR should not have granted permission to the state

transportation department to build the highway through conservation land both in Moanalua and Haiku Valleys.

"Our contention is that the DLNR approval to put the highway through the conservation district is invalid," she added.

A three-member panel of federal judges, which received testimony last week on the appeal of Judge King's ruling, is expected to have a decision within three months.

Waiahole-Waikane: a sign of the times

Many of the people on this island have never really looked at Hawaii Kai, nor Ewa Beach, nor Waiahole-Waikane. Normally we travel to and from work, play, shopping, school, whatever, with our minds on something other than the area around us.

Each reader of this editorial probably has some concept of one of the above-named places.

A lot is being said today comparing Joe Pao and Waiahole-Waikane with Henry J. Kaiser and Hawaii Kai. A last testament to the developer.

Even John Henry Felix, Pao's new main man, refers to Pao with Old Testament reverence, saying, "Thank God for developers like Joe Pao."

This current Windward battle, which is a summer rerun of the land use battle the McCandless heirs fought in the spring, is a symptom of the fate of Oahu; unless people wake up.

Pao (backed by names such as Felix, Rutledge and Iha) is no stranger to power nor fighting against the people's wishes. He has started Windward Partners (WP) to serve as front organization for the push at city/county and state land use laws.

Backed by the promotional skills of Fawcett-McDermont-Cavanaugh, who also promoted the city's general plan pushing development to the Ewa area on the Leeward side, WP will assault the public with slogans telling of the "need" for this development.

"Need" isn't going to wash in this case, however. Not when the real estate industry on Oahu is in dismal shape, and some are predicting even worse conditions are around the corner. Housing shortages are in the low and moderate income brackets, but in an inflationary period there are no cost-cutting ways to develop low and moderate housing.

There are so many new developments that the sales agents are pushing gimmicks such as luaus, free hamburgers and other enticements just to come and look

at the model. Prices are dropping; down payments are going down.

Trying to push a second city at Waiahole-Waikane because of "need" isn't painting a true picture.

The real issue, once again, is life-style. How many more developments can this island stand; how many more sewers dumping into the bays and ocean; how many more roads, traffic signals, light poles, sidewalks—CONCRETE.

For once, the mayor and governor have come out saying the same thing, "No development in Waiahole-Waikane."

The residents are saying, "How many times must we defend our life-style?"

The developer is saying, "I just wanted to develop something for the people."

But the time has come for the rest of the people to take a look around them. See what is really happening in your community, your island, your state. The people, as a whole, are being ripped off by developers who cry out that they are just trying to do something for the people. Not all developers take this approach and they are the honest ones.

The "something done" for the people ends up with town house units sitting empty, sales agents playing cards waiting for buyers (or lookers) and the developer getting his bulldozers on to the next grove of trees or green valley.

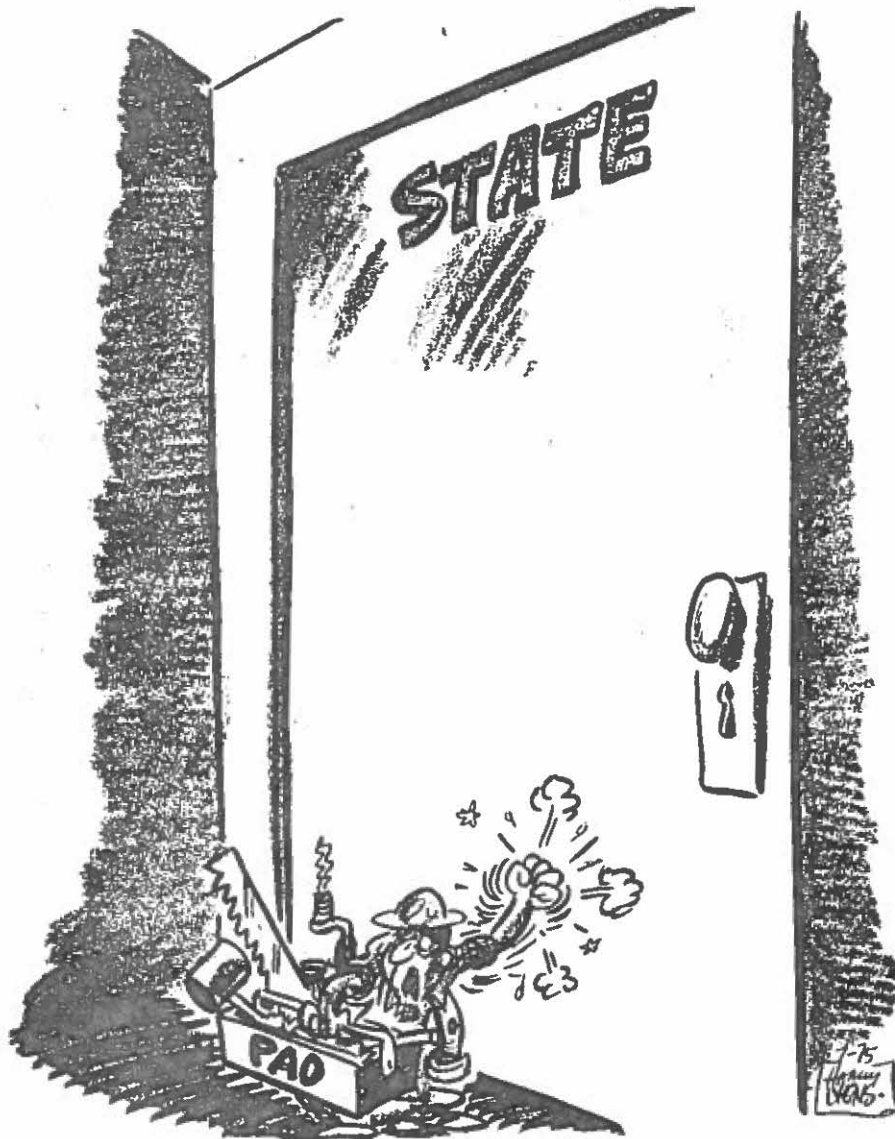
Hawaii has long suffered from the bulldozer theory of development. Some say that Joe Pao was the founding father of the movement.

The thinking behind Windward Partners is as faulty as the laws that are aimed at stopping developments which are not wanted.

Creating a town house memorial to a developer stopped with Henry J. and his beloved Hawaii Kai. Joe Pao should rest on his laurels in Enchanted Lake and Olomana; leave the rest of the island alone.

ADU/SB Sunday
7.27.75

'There doesn't seem to be any answer.'



Joe Pao's used to battles

By DAVID PELLEGRIN
Advertiser Government Bureau

Developer Joe Pao's latest plans to build homes for 22,000 people in the Waiahole and Waikane valleys on the Windward side have made a lot of people unhappy.

Gov. George R. Ariyoshi has described himself as "very angry, very upset" over Pao's announcement.

Mayor Frank F. Fasi has stressed his opposition to the proposal.

The City Department of General Planning and the State Department of Agriculture have said they don't like it, either.

And residents not only in the two valleys but along the whole Windward side have said they will fight the development of what Pao calls his "brand-new city."

So what else is new? Joe Pao is used to controversy.

A LOOK at his activities over the past 30 years points up both develop-

ment plans and building violations that pitted him against residents and government officials.

He won some, he lost some. Some he resolved by compromising.

And it's that knack for being able to settle for less than what he started out asking for and still make a

behind
the news

profit that should intrigue Windward watchers today.

For few expect that Pao's present plan has a prayer of getting approval. The real question, rather, is the extent of the "compromise" he'll wind up with.

PAO SAYS he was "poor once," and became a millionaire through "hard work and dedication." As a youth he caddied part-time at Oahu

wants to continue at Waiahole and Waikane.

Here's a look at the more controversial side of that record:

- In August 1956, Pao and associates were sued by an Aina Haina resident after a boulder rolled on her son, causing him to lose a leg.

The suit alleged that the developers of an Aina Haina subdivision did blasting work along a hillside in a negligent manner and "negligently permitted" a boulder to remain in a "precarious and dangerous position." The suit was settled out of court.

- In September 1957, another Aina Haina resident complained after a 500 pound boulder crashed through his fence and onto his property.

Two years earlier, it was reported, Pao had pushed a 38-foot mound of dirt and rock up to the resident's back fence. Pao said the boulder came from a lot adjoining his man-made hill, but announced plans for a

See **CONTROVERSY** on Page A-12

Country Club for pocket money. In 1960 he said: "I caddied for many big businessmen, and today I'm working with these same men, either as partners or in joint ventures."

Pao ended his school days after graduation from the eighth grade in 1932 and became an apprentice blacksmith for Inter-Island Steamship and Navigation Co.

After working his way up to foreman, he began selling real estate part-time and soon discovered that he "made more money selling real estate part-time than I made full-time at the steamship company."

IN 1946 he started selling real estate full-time, and recalled later: "Listings were hard to get because of the postwar housing shortage, so I decided to develop my own listings by creating them. I started picking up raw land, developing it and building houses on it."

Since then Pao has built 11,000 homes. It's that "record of achievement," Pao says today, that he

From Page 1

fence on his property, protecting the resident's lot.

- In December 1959, Pao was ordered to stop pumping sand from the mouth of Kaelepulu Stream at Kailua Beach Park and putting it on private property, in the wake of protests by Kailua residents.

City officials — including the mayor, Neal S. Blaisdell — maintained that Pao had the right to use the sand for his own purposes, although City ordered Pao to stockpile the sand at Kailua Beach Park.

- In January 1960, Blaisdell opened his files to show that he paid \$22,100 — the "going rate" — for an Enchanted Lakes house he bought from Pao a few months earlier, next to one that John Henry Felix, then chairman of the City Planning Commission, had purchased from Pao.

Blaisdell revealed the price after the Democratic county chairman, Robert Cates, had asked whether it was "just a coincidence that, after the whitewashing of the sand removal from Kaelepulu Stream by Pao, we now discover Republican officials happen to have homes in Pao's subdivision?"

- In May 1960, the City Building Department revealed that Pao failed to get a building permit for construction of a lanai on Blaisdell's house.

"I just slipped," explained Pao, who had also built five other lanais in the same subdivision without permits. In each case, the building permit fee was doubled because of the failure to get the approval when they were required.

- In January 1961, questions were raised over a previously undisclosed trip to Las Vegas in November by Blaisdell, newly reelected as mayor, and Pao and another businessman.

A company in which Pao was a principal investor had been awarded the Queen Emma redevelopment project tentatively. Blaisdell and Pao said they never discussed the project; City councilmen defended the trip; and the Queen Emma contract was awarded eventually to another developer.

- In June 1961, the City Building Department said Pao failed to get building permits for construction of nine homes in Enchanted Lakes. Pao was charged double fees as a penalty.

- In October 1961, Enchanted Lakes residents successfully fought a drive-in theater Pao proposed for



Advertiser photo

"Pao's Cut," two years after the bulldozing in 1962. Students reforested it 10 years later.

the area. Said the president of the Enchanted Lakes Community Association: "The majority of the residents had no knowledge when they bought their homes that a drive-in theater was planned in this vicinity."

- In October 1962, the State filed an antitrust action against Pao and Amfac, claiming that Pao was to buy building materials and get his financing from Amfac in return for exclusive development rights on Bishop Estate property near Pearl Harbor. The suit said Pao and Amfac were restricting trade through agreements which could work to lessen competition.

In March 1963, an out-of-court settlement was announced in which Pao kept development rights to only 30 per cent of the 16,500 acres in question. Development rights for the rest of the land were to be put out to bid.

- In September 1964, — after months of protests from Manoa Valley residents over what they dubbed

"Pao's Cut," an illegal grading into a Manoa hillside — the City's chief engineer said Pao offered to pay a \$500 fine if the City would drop complaints against him.

But the City refused, the engineer said, and demanded that Pao do remedial work on the site of his subdivision. It was reported that Pao did go to court and pay a \$250 fine.

The controversy began in 1962, when Pao bulldozed the hill to get fill for his Manoa Gardens subdivision.

By law the hill should have been cut back on a maximum angle of 45 degrees. But Pao cut into the hill until it sloped 56 degrees.

Although City officials inspected the work at least 18 times while it was in progress, they reported no violations. The matter came to public attention when nearby residents became worried about possible slides.

Over the next few years, Pao said that he did "everything possible" to cover the bare-earth scar with

greenery, but that none of the plantings took.

Then in 1970 an ecology class at the University of Hawaii worked with scientists to plant and fertilize the slope. Pao offered the students some fertilizer and a place to grow grass, but he said he thought the project would never work.

Within two years, however, "Pao's Cut" was reforested.

- In January 1965, the City Building Department said it cited Pao for violating the building code by placing a house within five feet of the neighboring property.

- In May 1965, Niu Valley residents protested Pao's plan to use 13 acres of conservation land for an 80-lot subdivision. The City Planning Commission approved Pao's request, but it was turned down by the State Land Use Commission.

- In July 1965, Pao announced he was selling 170 of his Niu Valley lots not involved in the rezoning controversy.

Controversy is nothing new for developer Pao

He said that his firm had decided to get out of the home-building business completely and would concentrate on developing raw land into lots, which would be sold to another developer for home-building and sales.

"It'll mean fewer headaches and require less investment," Pao was quoted as saying.

- In January 1970, Pao said that subdivision standards should be relaxed to cut housing development costs. He suggested that in suburban areas curbs, gutters, sidewalks and underground wiring should be eliminated, and that this could reduce the cost of a house by \$4,000 to \$5,000.

- In May 1970, the City announced it had cited Pao for three zoning violations in his Keolu Hills subdivision. The citations were for violating the required 6-foot side-yard setback.

- In December 1970, Pao's construction company was suspended temporarily from doing business because he had been operating for two and a half months without a responsible managing employe.

- In January 1971, Pao's construction firm was fined \$1,500 for illegal grading on the lower slopes of Mt. Olomana in Kailua. Pao first proposed 900 townhouse units on the hilly terrain there, then scaled it down to 692 units.

- In July 1971, City planners rejected another modified proposal for Mt. Olomana development that Pao had proposed three months earlier.

- In July 1971, the City chief engineer said Pao had committed another grading violation in the Olomana-Enchanted Lake area.

The engineer said the grading was done on a proposed 14-lot subdivision before permission was granted. But he was quoted as saying the violation "can be forgiven" if it occurred before Pao's January court action — "before we took positive action and got tough with this guy."

Pao had no comment to make.

- In May 1972, Lanikai residents successfully fought a 160-unit townhouse development proposed by Pao on Kaiwa Ridge.

City Public Works Director Edward Hirata said Pao's construction company had cleared some of the ridge for survey work without a permit. Hirata said no punitive action was taken "because the company had stopped the work — probably because it was through."

- In May 1972, it was reported

there were indications Pao planned to go ahead with a single-unit subdivision on Kaiwa Ridge, in the face of opposition to his townhouse project. The City Planning Department said that Pao probably could go ahead with it under existing zoning, but that it would involve more grading and "ugly hillside cuts" than the townhouse approach.

The president of the Lanikai Com-

behind the news

munity Association said that Pao could not build a single-family subdivision on the ridge property economically and termed the reported move a "fright tactic."

- In July 1972, City Planning Director Robert Way said that Pao had agreed to a compromise plan to develop 96 townhouse units on Kaiwa Ridge but that the compromise was unacceptable to Bishop Estate, the landowner. "The next move is up to the developer," Way said.

- In December 1974, the Land Use Commission rejected unanimously a proposal by Pao to have agricultural land in Waiahole and Waikane reclassified to permit residential development.

- In July 1975, Pao held a press conference to announce he was resubmitting, to the Land Use Commission, his plan for a "new city" in the two valleys.

THE LATEST PLAN is essentially the same one that was rejected last year, although some areas labeled "open space" on the earlier version are labeled "agriculture" now.

Valley residents and State agriculture officials have pointed out that much of the land Pao would set aside for farming is too steep for cultivation, and that the prime land now being farmed would be used for housing.

But Pao's latest plans for retaining some agriculture in the valley — however inadequate they seem to many officials — at least represent a bigger bow to Oahu agricultural needs than he has made before.

In 1972 Pao said: "I predict that within 25 to 30 years there will be no pineapple or sugar cane growing on the Island of Oahu. There shouldn't be. Agriculture should be on the Neighbor Islands. Industry is taking over on Oahu. It should be residential. We haven't even scratched the surface in home building."

Adv.
7-23-75



Advertiser photo

Developer Pao, with Windward Partners deputy manager Felix.

Business ties by Felix: He exited office in past

When John Henry Felix called a press conference last week to announce he was resigning from the Board of Water Supply to become deputy manager of Joe Pao's Windward Partners, it wasn't the

first time he left public office in favor of business interests.

In December 1961 Felix announced he was quitting his job as administrative assistant to the governor, William F.

Quinn, to become managing director of the La Ronde Restaurant in the Ala Moana Building.

Before going to work for Quinn in 1960, Felix was the executive assistant to Arthur A. Rutledge, president of Unity House unions. (Rutledge is one of the investors in Pao's Waiahole-Waikane project.)

FELIX WAS also — before he was 30 years old — chairman of the City Planning Commission and executive assistant to hotel owner Roy C. Kelley.

Felix made news in that dual capacity when in 1959, he was accused by then-attorney Samuel P. King of an alleged conflict of interest because Felix presented a development proposal from Kelley to the City Council. King called for Felix's resignation from the commission.

The City never rendered a formal conflict-of-interest opinion, but City officials said informally they didn't believe Felix had violated the City's Code of Ethics.

Felix said that he had made a full disclosure of his interests and disqualified himself when the matter came before the Planning Commission.

FELIX SAYS today that, in light of his commitment to the Pao project, he is reviewing his other business interests and may be dropping some.

Besides his involvement with the La Ronde Restaurant and several other business interests, Felix heads Hotel Associates, Inc., whose vice president is nightclub entrepreneur Jack Cione.

—D.P.

Adv. 7.24 - 75

letter to the editor

Windward groups told to unite

Representatives of nine community organizations from Windward Oahu called for a united front against "uncontrollable development" of their area last night at a community meeting in Hauula.

Saying that landowners, developers and financiers are ignoring the plight of farmers and the working class, the representatives repeatedly called for the Windward groups to plan their own future.

Speakers included people from Hauula, Waiahole-Waikane, Kahaluu, Heela, Kaaawa, Punaluu, Laie, Kahuku, and Kahana Bay.

THEY TOLD the more than 400 people at the emotion-charged meeting that there are plans afoot to widen Kamand Kahikili Highways upon the completion of H-3 and said this would open the door to further development.

Bobby Fernandez, president of the Waiahole-Waikane Community Association, said the Windward groups should work together. Agreeing was Pete Thompson also from the Waiahole-Waikane Association, who said that few people on the Windward side realize that their farms, homes and jobs are endangered.

He said developers are interested only in making profits on housing developments that only the very elite could afford to buy.

Various Hawaiian groups also discussed their efforts to prove their alleged land claims.

A slide show illustrated the various picketing and petition efforts under way.

The meeting ended with the group singing, "Please let us keep our life styles. Save the Windward side."

Agriculture's importance

Regarding the intended development of Waiahole-Waikane valleys:

Once again we have a case of an indigenous people uprooted from their homes in order to make way for a more "profitable" land use. The question that comes to mind is what are the costs the public must bear so that Joe Pao can reap his benefits.

Consider that Hawaii is already too dependent upon the Mainland and the Orient for much of its food. The high cost of transportation raises the cost of food in Hawaii. As prime agricultural land and the people who have developed the skill and know-how to work that land disappear, this problem will grow more critical and food costs will rise higher.

Farmers, unlike carpenters, plumbers, doctors and lawyers, cannot easily move within the job market. Farmers need tillable land for their livelihood. Without land these people will be forced into a diminishing job market where farming skills are not easily transferred to other job situations.

The residents of Waiahole-Waikane will most likely be forced to draw welfare benefits. One must think then not only of the added burden on the already straining public coffers but what effect this will have on the dignity of a proud people. As a taxpayer I would rather see the farmers of Waiahole-Waikane producing low-cost, locally grown food for my table than having to make way for two-acre ranchettes which only the rich can afford.

The plight of these farmers is a valid concern. It took an investment of many years to develop a sensitivity to the particular soil and climatic conditions from which they could reap an optimum harvest. Many have spent a lifetime of hard work in those valleys and to be forced to give it all up portrays the callousness of our times.

I urge the State and City to consider the ramifications of literally paving the way for those who seek to

letters

reap enormous profits on land speculation while negating the needs of those who have developed the expertise to actually sprout and nurture life from the land but are caught in an economic dilemma which does not allow for the perpetuation of their livelihood.

FRANK BRUNINGS

Ariyoshi: State will move to stop Pao

Adv. 7. 25. 75

By **JERRY BURRIS**
Advertiser Politics Writer

The State will move to stop developer Joe Pao's plans for Waiahole-Waikane valleys on Windward Oahu until a regional plan for the entire area is developed, Gov. George Ariyoshi said yesterday.

Even then, he suggested, the 7,000-unit Pao proposal will have trouble if it doesn't fit in with the regional plan—a likely possibility. And a compromise solution for the area does not appear to be in the cards.

"State agencies are going to look very, very, closely at any action until the planning process has gone its route," Ariyoshi said at his regular weekly news conference.

"The State is not going to compromise itself on the planning process."

The job of preparing a regional plan for Windward

Pao's 'communicator'

I was gratified to read (7/18) that ad-man John Cavanagh will "communicate" Joe Pao's important ideas on Waiahole-Waikane to the rest of us, especially when Mr. Pao's stories have always been garbled in the past.

Everyone remembers Mr. Pao's ugly scar in Manoa Valley (only to be restored by outside troublemakers from U.H.), or when he started grading Olomana without a permit. It's too bad Joe Pao did not hire Mr. Cavanagh then to "communicate" the rationale behind those wonderful ideas; it's a story that "certainly needs to be communicated"—especially now.

Oahu has been given to the Department of Planning and Economic Development. No deadline was set and although Ariyoshi would not say how long it should take to put a plan together, he hinted the process would be lengthy.

"I don't want to ramrod the plan through the DPED," Ariyoshi said.

WHILE WORK ON THE regional plan continues, the State has a number of avenues it might use to bring things to a halt.

They range from procedural and legal hurdles through policy options, in which the State could take an active role in fighting development in the courts and before official agencies.

Among the State's apparent options:

• It could fight the development before the State Land Use Commission (LUC). Pao will have to go be-

fore the LUC and at least three departments could intervene as interested parties.

• It could halt the project on the transportation angle. The State's widening plans for Kahekili Highway stop nearly three miles short of the proposed development. The developers would have to put in their own highway in and out of the site and State approval would be required for the link-up.

• Health Department approval would be needed because of stream improvements required for the project. At least four streams would have to be "channelized," which would probably mean more silt in Kaneohe Bay.

Both the State Health Department and the Federal Government thus would become involved and could say no on the basis of the threat to the already endangered bay.

• Sewage questions could also involve the Health Department. Cesspools are not practical in much of the valleys because they are within a flood plain. Sewage treatment plans are required and eventually, the development would have to hook up with the anticipated Mokapu sewage outfall.

Health Department approval would be needed.

• Water supplies must be considered. The State is conducting a long-range water resources study and the impact of the Waiahole-Waikane development on water supplies which also serve agricultural lands on Lee ward Oahu must be considered.

• Legal challenges on Pao's alternative plan to put in two-acre agricultural subdivisions also are possible. It is unclear whether the use of two-acre plots is legally permissible. This might require a go-ahead from the State Agriculture Department.

Or the State could challenge the agricultural subdivision idea in court.

SB 7.25.75

Ariyoshi Firm on a Regional Plan

SB

Pao Faces 2-Year Delay on Waiahole

By Doug Boswell
Star-Bulletin Writer

State authorities hinted yesterday that developer Joe Pao may be stalled for up to two years in his plans to build a new town at Waiahole-Waikane in Windward Oahu.

In his weekly news conference yesterday, Gov. George R. Ariyoshi again insisted he will oppose Pao's development plans until a regional plan has been drawn for the Windward district.

And other State authorities noted that the Department of Planning and Economic Development is currently engaged in the preparation of a statewide general plan destined to

be placed before the Legislature in 1977.

Richard Marland, director of the Office of Environmental Quality Control, said he believes it would be impossible to complete a Windward regional plan without concurrently developing the State general plan.

ARIYOSHI said he has asked the Department of Planning and Economic Development to start work on the Windward regional plan, but prospects are that it will be developed in conjunction with the overall State plan.

Before he could start building a 7,000-unit subdivision in Waiahole-Waikane to house some 20,000 residents, Pao would need approval of the State Land Use Commission for rezoning much of the land to urban uses.

Ariyoshi is currently in the process of appointing a new State Land Use Commission. It is considered doubtful that the new commission would act on Pao's request before the general plan is completed.

State authorities said also that Pao probably would need a grading permit for his development and that such permits require approval of both the City and the State Department of Health.

Sewage plans also must be approved by both the City's Board of Water Supply and by the Department of Health.

ARIYOSHI said yesterday he would not impose his views on the members of the State Land Use Commission before their appointment.

"They're all intelligent people," the Governor said.

But other State officials

said that under the new land use law enacted by the Legislature this year all State agencies may become parties to cases before the Land Use Commission.

Marland said that as director of the Office of Environmental Quality Control he undoubtedly would become a party in any petition filed by Pao for rezoning of Waiahole-Waikane Valleys.

Marland, under a recent

legislative requirement, also is engaged in development of a State plan that will identify all areas of the State now in danger of overloading the environment.

..

AUG. 5th 1975

"HAWAII OBSERVER"

Questioning righteousness

"You can't constantly question righteous motives if, in effect, they are righteous," said John Henry Felix to eight reporters gathered in the Enchanted Lakes office of the Pao Investment Company. Felix, the former chairman of the Honolulu Board of Water Supply and the recently named deputy manager of Windward Partners, a general partnership seeking to develop Waiahole-Waikane, was discussing the opposition to the proposed urbanization of the two verdant rural valleys. "We are just trying to do what the Governor and the Mayor have been talking about—" Felix continued, "to provide low- and moderate-income housing for the people of Hawaii."

Sitting beside Felix at the July 15 news conference was Joe Pao, who has been associated with the development of Waiahole-Waikane since last summer. Standing in the back of the room trying to be as inconspicuous as possible was John Cavanagh, the president of Fawcett-McDermott-Cavanagh, one of Hawaii's largest advertising firms. Apparently, the increasing opposition to the urbanization of Waiahole-Waikane has scared Pao and his fellow investors enough to hire an advertising agency in order to begin a public relations counteroffensive against the Waiahole-Waikane Community Association, the main opponents of Pao's development plans. The July 15 news conference was the first installment

of a high-powered P.R. campaign.

Responding to a reporter's comment that there is widespread opposition to turning Waiahole-Waikane into subdivisions, Felix said, "I think what we want to do is look at the positive aspects of the development." Emphasizing the positive aspects, Felix went on to say that the proposed development "represents a major breakthrough in returning the land of Hawaii to the people of Hawaii. It will be the first time that one of Hawaii's major estates will be developed to provide fee simple homes for low- and middle-income families." Pao then echoed Felix's remarks: "My goal is to build homes where the policeman, the fireman, the young school teachers and the young workers can buy a home fee simple."

"I plan to break ground by the first of the year," Pao continued. "By this time next year people will be moving in." However, Pao made it clear that his promise to build low-cost housing is contingent on cooperation from the State and City governments. Pao has set an arbitrary deadline of nine months to receive the necessary land-use reclassification from the State and the necessary General Plan amendments and zoning changes from the City government. If it takes longer than that to receive the necessary approval, Pao said he would be forced to subdivide Waikane into two-acre lots which would be used for luxury housing. Pao then commented: "It's a dirty shame if we do this with the housing shortage in Hawaii."

Both Pao and Felix were extremely reluctant to divulge any of the specifics of their proposed low-cost housing. Pao would only go so far as to say that some body earning \$1,100 a month would be able to qualify for his proposed 40-year mortgages. Felix's explanation for their reluctance to commit themselves to any specific financing arrangements was that "When you make a pronouncement of this kind, you have to stick by your figures; otherwise they can come back to haunt you."

Pao and Felix feel that their promise to build 3-bedroom, 1½-bath homes on fee simple land will not come back to haunt them. According to Pao and Felix, it is up to the State to cooperate. All the State has to do is rush through the zoning changes and provide some of the financing for the low-cost housing. Pao claims he will do the rest: "I have been in business for over 30 years, I know what I am talking about. I am the first guy to bring low-cost housing to Honolulu. I am going to do it again. This is a challenge in life for me."

But the State Government is not going to be as cooperative as Pao hopes. Governor George Ariyoshi expressed his feelings to newsmen on July 17 at his weekly news conference. "I want some of the people who are putting money into the project to realize that it may not be totally smooth sailing for them," he said. The Governor also stated that he does not think Waiahole-Waikane should be re-

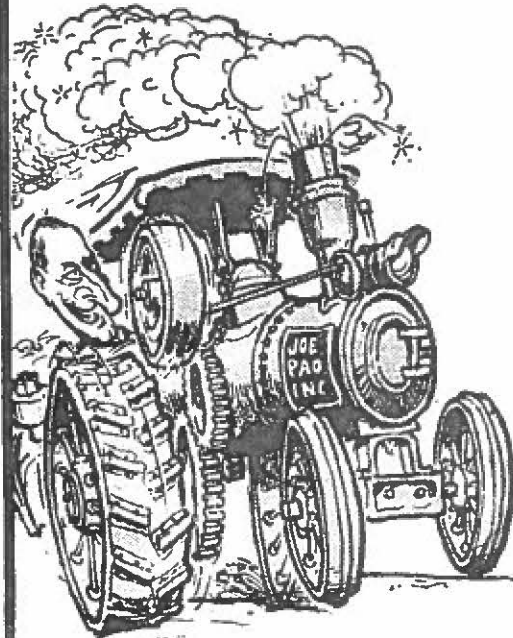
zoned until there is further study: "So far as I am concerned there has to be a regional plan so we can decide what we can do with the entire Windward area. I hope that any action in Waiahole-Waikane will be part and parcel of that regional planning effort."

Pao was probably aware of the Governor's feelings on the subject because he recently spoke with Ariyoshi about it. However, it seems he could not wait for any regional plan. Pao's excuse for the haste is that any delay will cost the buyers money: "Interest is running, taxes are running and overhead is running. If we get delayed for two or three years, there is no way we can build these houses for \$40,000."

So it appears in the end it will be money—and not righteous motives—which will determine the fate of Waiahole-Waikane. Despite all the talk and the fancy public relations campaign, Pao and his fellow investors are primarily interested in making money. Building low-cost homes is only incidental.

Brian Sullam

WE WON'T MOVE



WWCA

AT WORK ONE DAY, A VALLEY CONSTRUCTION WORKER WAS ASKED: "EH, I HEARD YOU GUYS GOTTA GET OUT." HE REPLIED, "IF THEY NO CAN MOVE THE ROCK WE CAN STAY." HIS FRIEND LOOKED KIND OF PUZZLED: "WHAT'S THE ROCK", HE ASKED. "THE ROCK IS THE PEOPLE!" OUR WORKER REPLIED.

OUR PRESENT SITUATION

We the farmers and tenants of Waiahole-Waikane are in a desparate situation. All of us are facing eviction. When we came to Waiahole-Waikane we had to clear the land, plow the ground, plant our crops, build our own homes, and raise our families. It is us the tenants of Waiahole-Waikane who have made this land valuable and productive with our hard work, blood, sweat and tears. On top of paying our rents we pay the land taxes and other bills for Mrs. Marks.

EVICTON FOR PROFIT, HIGH RENTS AS A TACTIC

All of us work hard and long like everyone else just to make ends meet, but today our lives and futures are being threatened by landlord Marks and developer Joe Pao. They want to evict all of us so that they can make more profits from the land by building another Hawaii-Kai. Their immediate tactic is to slowly bleed us to death by making us submit to outrageous rent increases. These rent increases, some as high as 745%, are a tactic to divide and conquer us by evicting our poorer tenants first. We would be signing ourselves back into Slavery and Feudalism if we were to agree to these new leases. The terms are ridiculously one-sided. We pay all the bills for Mrs. Marks and when the lease is terminated, she keeps all the improvements.

ENEMY TACTICS--ALL HAVE FAILED

Marks and Pao know that we are the biggest stumbling block to their profit-making plans to destroy our valleys so they are trying every trick in the book to get us out. First they tried to talk us out of fighting for the valleys. Then they sent their agents Jack Meek and Giancarlo Chiolo to harass and intimidate our residents. Neither tactic worked. Then they tried the old divide and conquer tactic by playing on differences between Japanese and Hawaiians, the young and old, Waiahole and Waikane, and the farmers and the tenants. They even used politicians and labor leaders to try to quiet us down and sabotage our struggle, but our unity proved too strong.

NEW TACTICS?

Now farmers pipes are being broken, several houses have had windows smashed, mothers have received threatening phone calls. We don't know who's doing these things, but we do know whose interests are served by such tactics. Certainly not ours. Our enemies have tried every method to break our unity; so far all have failed and we have grown stronger in the face of it. So now they are callin on the law, the courts and ultimately the police to back up their property-rights to the land.

Laws serve the landlords

LAW ON THEIR SIDE

The law in this struggle is unquestionably on the side of Marks and Pao. This is not surprising because the law in our society belongs to those who have the power to define and use it. The people who have this power are the landlords and owners.

This became real clear to us when we went to court on August 28th. We had earlier made a motion to consolidate our 79 court cases into 1. Judge Shigemura set the 28th as the date to hear the motion. But when we went to court on that day, he said the motion was premature. He had set us up. Now if we want to go to Circuit Court it will cost us nearly \$6,000. It would have cost us \$70 if the Judge allowed the consolidation.

NO MONEY--NO JUSTICE

This shows us very clearly that the more money you have the more justice you can get. And if you have no money, chances are good you will have no justice either. It is interesting to note that Judge Shigemura voted favorably on a number of Joe Pao projects when he was a City Councilman from Manoa. We know we can't win in court. We have never seen the courts side with tenants against the landlords. The legal system is rigged against us. That is why we have to rely on ourselves together with our supporters, and not the laws of the landlords to win our fight.

POLICE, JUDGES AND POLITICIANS--IN WHOSE SERVICE

The police are preparing to play a future role in Waiahole-Waikane. Police officials have told us directly that Marks' agents Meek and Chiolo will escort them on a reconnaissance tour of the valleys to familiarize them with the placement of the houses, the terrain, and the roads in the event of any "on site action". This police reconnaissance in Waiahole-Waikane is not to protect us from a rent-gouging land-lord, but instead to protect Mrs. Marks' property from us. In fact, Marks' agent Chiolo told us that the valleys should be empty by September 10th at the latest. Does he know something that we don't know?

GOVERNOR ARIYOSHI--TALKING TO THE PEOPLE, NOT HIS STYLE

The Governor's stand on Waiahole-Waikane is clear. He wants to stop Pao from developing the valleys. At the same time his office is saying they "can't do anything about the evictions". Three weeks ago at his weekly news conference, the Governor promised news reporters "specific action" would be taken on Waiahole-Waikane in one week. That was two weeks ago and nothing has happened. On August 28th, over 150 of us went to the capitol to hear from the Governor directly, as to what his position is. He refused to see us by telling two of our representatives that talking before a big group of people "wasn't his style". It seems to us that the Governor is now showing his true colors on the issue of Waiahole-Waikane.

Our experience with the Police, Judge Shigemura and Governor Ariyoshi has only furthered our conviction that we have to rely on ourselves and our supporters to build our struggle and win.



Mrs. Marks



Joe Pao

HOUSING CRISIS: Profits in the way.

HOUSING CRISIS: EMPTY HOMES AND PLENTY NEED

Our eviction struggle is just a part of the general housing and economic crisis affecting our nation and state. In Hawaii, the crisis has two aspects when it comes to the issue of housing and evictions. On the one hand, thousands of condominiums and residential units lie empty, vacant and unsold. As a result, hundreds of carpenters are out of work, unable to feed their families, pay the rent, and keep up with their mortgage payments. On the other hand, hundreds of families are being evicted from their homes with no place to go and with no money to buy the new homes produced. As a result, families are forced to live in overcrowded conditions; wives and kids are forced to work to pay high rents for substandard housing.

WHY THE CRISIS

People are asking why is there an oversupply of homes and a shortage at the same time. The answer is profits. Houses like anything else under our present economic system are built and sold for profit, not because people need housing. Even the construction workers who build these homes can not afford them. It's the same way with jobs.

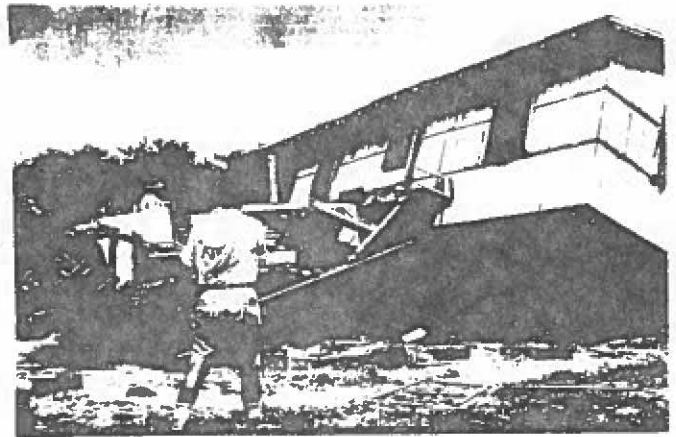
Employers don't hire people, because people need to eat. They hire workers so that they can make a profit, by working you as hard as they can and paying you as little as they can get away with. When the bosses can not make a profit, they lay you off and get the other workers to work twice as hard under the threat of a future lay-off.

WORKING HARDER TO LIVE THE SAME

With the second highest cost of living in the U.S., combined with over 8% unemployment and the creation of more low-paying jobs in the tourism industry, it is no wonder that parents and children have to all pull together just to get by. Inflation has meant that our wage increases are meaningless. So each year we work a little harder just to live at the same level as before. Many others less fortunate than us, are slipping backwards. To many of us in Waiahole-Waikane, high rents or eviction mean the difference between standing on our own two feet or going on welfare and living in public housing. We are struggling hard just to keep our head above water. Marks and Pao with their evictions seek to push us under.



5,000 empty and unsold



Hundreds evicted

OUR SUPPORT

Our support has come from workers, farmers, and fishermen who are facing the same problems we face every day. They are uniting with us to fight our enemies. Eviction struggles in Chinatown, Mokauea, Heeia, and Niimalu, all of them working-peoples communities have given us their firm support. No judges, politicians, developers or bankers live in these communities

ENEMY SUPPORT

The judges, politicians, developers and bankers support Mrs. Marks. More importantly, she is being backed by the laws, the courts, and the police. She also has the backing of all the big landlords in the State. Pao is backed by the developers and the financial institutions (i.e., Honolulu Federal Savings and Loans). They all see that they have an interest at stake in Waiahole-Waikane. If they are forced to grant us a concession (i.e., long-term leases) such a victory would give rise to similar tenant struggles throughout the whole state. The big landowners cannot afford to let this happen. So they are pushing hard for a victory in Waiahole-Waikane.

**** UNITY OUR MAIN WEAPON ****

This is all the more reason why it is so necessary and essential for us to struggle harder to close our ranks more tightly than ever. We need the active support of all the workers, farmers, and fishermen in this state. Our unity and mutual support is the only weapon that can stop Pao and Marks from bulldozing our homes and farms--our futures into the ground. We are forced to stand up and fight back with greater resolution. We can't afford to let them squeeze us to death, since we've come this far. We have organized, unified, and stuck together to conduct our struggle because we know that when the people are united, they can never be defeated. But we realize it will be our actions and not our words that will eventually make that statement come true.

DEFEND WAIAHOLE-WAIKANE! -- THE PEOPLE UNITED--WILL NEVER BE DEFEATED!