

Farming to be required on Kaua'i subdivision 'estates'

By Jan TenBruggencate
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KEALIA, Kaua'i — The developers of the Kealanani agricultural subdivision hope to break a tradition in which agriculture-zoned lots are sold as country estates with little if any assurance that agricultural production will take place.

Their goal: to sell view lots for premium prices, but to come as near as possible to an ironclad requirement that owners farm on the property.

"This is a model, a model for all agricultural subdivisions in the future," said Paul Kyno, a real estate developer and partner in the project.

The developers clearly are trying to break the image of "agricultural subdivision" as code for "rich-folks' estates." Thus far, their project has generated virtually none of the rancor that has attended projects like the Big Island's Hokuli'a. At one point, that project was halted by a court order that said it was actually an illegal use of lands earmarked by the state for agriculture.

A settlement in the case eventually allowed the project to continue, but for critics, the development remains an illustration of the so-called "fake farms," large homes built on agricultural lands where only nominal farming is done in a show of conforming to a state requirement that homes on agricultural lands must be "farm dwellings."

The Kealanani development's owners association will have the ability to fine owners who fail to fulfill their agricultural commitments, Kyno said.

The developers will require that each property owner plant at least four cacao trees, in the hope some will decide to grow cacao plantations. Cacao is used to make chocolate, and growers could either sell their beans to an off-island chocolate company or develop a local chocolate processing facility. Some potential purchasers are talking about growing citrus crops, oil palms and other products. If Kealanani owners want to grow other plants, that's fine, too.

Kealanani project manager Andy Friend concedes that many lot owners won't be able to make a living from agriculture, particularly on smaller lots, but they'll be able to supplement their incomes, perhaps just to pay the property taxes. But some may be able to do quite well if they work efficiently and select the right crops.

"Niche kinds of agriculture can work," Friend said.

"We expect to sell larger parcels to more serious farmers," Kyno said. On larger lots, efficient agricultural ventures should be able to do well, Friend said. Irrigation water from the old sugar plantation system, fed through the Kaneha Reservoir, will be available to each lot, he said.

Residents will be prohibited by deed restrictions from clearing forested areas for landscaping — large-scale clearing away from house sites will only be permitted for agricultural purposes. Only one house would be permitted, although it can be as large as 5,000 square feet. And neighbors can seek fines against Kealanani property owners who fail to grow commercial crops on their land.

The developers themselves hope to establish a small tea plantation — only the second one in the United States — and produce a premium tea product with the kind of cachet Hawai'i coffees have developed. Owners of the 190 parcels in the 2,000-acre project may grow their own tea for sale to the plantation factory, or could have the tea company farm their acreage. Or they could grow other crops.

Some low-lying parcels already are being prepared for taro cultivation and would be sold subject to taro leases. About 90 acres appear to be prime taro land.

Friend said he was already researching commercial tea farming when he came across the Kealia land — which he viewed as potential farms in search of a crop.

“We did a 2004 feasibility study. Tea has a tremendous amount of potential. It became the ‘anchor’ tenant for the property,” Friend said. The developers themselves will plant a large lot in tea, and will build a tea processing facility and a visitor center he is calling the Tea House.

There is no question tea can be grown in Hawai'i. State and federal agriculture agencies have been experimenting with it for years.

“It's a niche market crop,” said Dwight Sato, an extension agent with the state Cooperative Extension Service who has been experimenting with tea. “You want to grow it in acidic soil with high rainfall and good drainage.”

The subdivision of the project has received preliminary approval from the Kaua'i Planning Commission and developers are seeking state approval for the condominium lots. Kyno said lots will sell from a starting price of about \$500,000 to \$2.5 million, with the best-view lots selling for considerably more per acre than parcels whose primary asset is agricultural.

Kyno said developers are scheduling a four-phase development process, with sales of the first phase expected to begin closing in summer 2007 and the rest to proceed over a five-year period.

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