

## Kauai tea time

A proposed 2,021-acre development on Kauai will include a tea plantation

By Nina Wu

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For Andy Friend, there was no question that his new agricultural subdivision on Kauai would center on tea.

Friend, project manager of a proposed 2,021-acre agricultural subdivision in east Kauai -- named Kealiakealani -- believes tea is the untapped potential for Hawaii's economy.

"Tea has not been done," Friend told the Star-Bulletin. "But Kauai has the proper elevation, soil content and rainfall. Tea, especially gourmet teas, has a growing market of consumers, particularly in North America."

The \$100 million-plus project by Plantation Partners Kauai LLC proposes 290 estate lots, along with a tea plantation, taro fields, a rodeo and cacao trees just north of Kapaa.

The developers are setting aside 100 of the lots as affordable housing. Some will be set aside as rentals for agricultural workers who will work on the tea and taro plantations.

Plantation Partners is made up of San Francisco-based Lynch Investments LLC as the majority shareholder, Friend, and Paul Kyno of Sleeping Giant Realty.

For the last decade or so, the lands have been leased out as cattle pastures by Michele and Justin Hughes, but for the previous century, they were used as a sugar cane plantation.

Plantation Partners acquired the lands from the Hughes in March for about \$49 million -- \$47.4 million in cash and the remainder in Idaho real estate.

Lynch owns several properties on the Big Island, including Makalei Golf Course and the Big Island Country Club. Initially, Lynch had plans to develop Waikoloa Heights, a master-planned community in South Kohala, but has since sold it to a group led by Charles Somers.

"We're following the letter of the law when it comes to agricultural land," said Kyno. "We did not want another Hokuia situation, and we wanted to do something good for the island. It will not be gentleman farms, but it will offer nice subdivisions with nice homes."

Lots are expected to range anywhere from three to 100 acres each, with prices starting at \$500,000. Owners will have the option of being involved in tea, taro or cacao cultivation.

No guest houses

Only one residential dwelling would be allowed per lot -- in other words, no guest houses. All lot buyers would have to submit an agricultural plan.

Kealiakealanani, meaning “pathway to beauty” -- and dubbed

Kealanani for short -- is different from other developments in that it will offer no golf course, spa or clubhouse.

Instead, it will offer 10 miles of hiking, biking and horseback trails to be maintained by the homeowner’s association, along with a barbecue cabana near a reservoir.

Plantation Partners plans to go before the Kauai County planning commission in September to get subdivision approvals. Delivery of the first phase is expected in the third quarter of 2007.

#### Growing tea

Plantation Partners is setting aside 100 acres for the first test crop of tea.

It would be privately run by the Kauai Tea Co., which will oversee everything from production to processing, packaging and marketing. The company would also offer lot owners cultivation services if they agree to lease some of their properties for tea crops.

While the University of Hawaii at Hilo, U.S. Department of Agriculture researchers, and some small mom-and-pops are experimenting with growing tea on the Big Island, no one is doing it on a large scale on Kauai, according to Friend.

“There’s similarities to Kona coffee,” Friend said. “You go back to when coffee was introduced to Hawaii, and it was grown in other areas of the world. It was not familiar to the U.S. as a commodity, but now specialty Kona coffee can sell for \$20 to \$30 a pound. Tea has similarities.”

Premium gourmet teas, according to a detailed marketing summary in Kealanani’s business plan, when well-presented and well-packaged, can sell in retail stores for \$100 or more per pound.

#### Enticed to Kauai

Friend, who moved to Kauai from Arizona, said he became interested in tea while researching Kona coffee. Originally, he was planning to develop a tea plantation on the Big Island. But then a friend persuaded him to move to Kauai.

In 2002, Friend hired and brought Tea Technology Associates, a Britain-based tea consultant, to Kauai to scope out the potential for the crops on the Garden Isle. In a feasibility study two years later, TTA concluded tea could successfully be grown on the Garden Isle.

Kauai Tea Co. will invest more than \$1 million to build its own tea processing facility, with an emphasis on energy efficiency and automated machinery.

It will offer high-end specialty black, green and white teas, and maximize its marketing potential as a Hawaii brand. It also plans to use organic farming methods.

By its seventh year, Plantation Partners envisions a visitor center, complete with a tearoom, retail store and tours of operations so it can participate in the growing trend of “agritourism.”

The company aims to produce about 1,200 pounds of tea per day from its 100-acre parcel. Its financial projections for revenue in its sixth year? \$1.5 million.

Friend knows he’s aiming high, especially since this never has been done before. But he says the retail value of

the U.S. tea market is growing 20 percent a year, due to a growing interest in its health benefits.

Tea is a perennial crop grown throughout the world, in Kenya, India, Sri Lanka, southeast Asia, Russia and Japan.

“Why not Kauai?” asked Friend.

Friend is expecting his first shipment of about 1,000 plants from Africa in October, and plans to put them in the soil by next spring. Friend said he would periodically bring tea masters to monitor the crops and offer advice.