

Housing Needs of Native Hawaiians:

A Report From the
Assessment of American
Indian, Alaska Native,
and Native Hawaiian
Housing Needs



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Housing Needs of Native Hawaiians:

A Report From the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs

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Disclaimer

The contents of this report are the views of the authors and do not necessarily reflect the views or policies of the U.S. Department of Housing and Urban Development or the U.S. government.

Preface

In response to Congress's 2009 mandate to assess Native American housing needs, the U.S. Department of Housing and Urban Development (HUD) commissioned the Assessment of American Indian, Alaska Native and Native Hawaiian Housing Needs. The study produced five separate reports that together contain a comprehensive and authoritative body of information on the current state of housing conditions in Native American communities. The report on Native Hawaiians in Hawaii includes a wealth of specific information on housing conditions, including county-level differences, findings on housing and community preferences, and differences between Native Hawaiian households on the Hawaiian home lands and elsewhere in Hawaii.

The report's principal finding is of a significant need for affordable housing among Native Hawaiians, especially among Native Hawaiians waiting for a lease on the Hawaiian home lands. Among households already living on the Hawaiian home lands, nearly all own their own homes and there is a much lower rate of cost burden than among Native Hawaiian households statewide. By contrast, compared with Native Hawaiian households statewide, households on the waiting list for a home lands lease are substantially worse off economically and much more likely to be cost burdened, to be overcrowded, and to lack complete plumbing and kitchens. The assessment also found that many Native Hawaiians strongly prefer housing and communities that support multigenerational and extended family ("ohana") living and socializing, which is part of traditional Native Hawaiian culture.

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Executive Summary

This report considers the housing needs and conditions of members of the Native Hawaiian community living in Hawaii, including housing characteristics, homeownership, and housing quantity, quality, and affordability. To provide a broader context for understanding housing needs, the report describes population growth and distribution and also demographic, social, and economic conditions and trends.

As one of the United States' indigenous peoples, Native Hawaiian people have a unique relationship with the federal government and receive benefits from a unique form of housing assistance. Although the federal government does not maintain a formal government-to-government relationship with the Native Hawaiian community as an organized, sovereign entity, Congress has repeatedly acknowledged its special political and trust relationship with the Native Hawaiian community since the overthrow of the Kingdom of Hawaii more than a century ago. As part of this relationship and to support the self-

sufficiency and well-being of the Native Hawaiian people, Congress established the Hawaiian Home Land Trust in 1921, a set-aside of more than 200,000 acres of land, via the Hawaiian Homes Commission Act (HHCA). The State of Hawaii Department of Hawaiian Home Lands (DHHL), a state agency, manages the Hawaiian Home Land Trust, with oversight provided by the U.S. Department of the Interior. HHCA provides eligible Native Hawaiians, those who are 50 percent or more Native Hawaiian by blood quantum, with the ability to live on designated trust land (referred to in this report as home lands), and provides 99-year homestead leases at an annual rental of \$1.¹ Demand for homestead leases, which are primarily for residential purposes but are also available for agricultural and pastoral uses, has consistently outstripped supply.

Housing for low-income HHCA beneficiaries on the home lands is also supported through the Native Hawaiian Housing Block Grant (NHHBG) program, which is authorized under an amendment to the Native American Housing Assistance and Self-Determination Act (NAHASDA) of 1996, and is managed by DHHL.

¹ Blood quantum reflects ties to the Native Hawaiian political community (*Proposed Amendments to the Organic Act of the Territory of Hawaii: Hearings on H.R. 7257 Before the House Committee on the Territories*, 66th Cong. 15, at 140 [1921]). As Congress explained, Congress "does not extend services to Native Hawaiians because of their race, but because of their unique status as the indigenous peoples of a once sovereign nation as to whom the United States has established a trust relationship." 114 Stat. 2968 (2000) (Hawaiian Homelands Homeownership Act).

Study Approach and Data Sources

The study approach used already existing data and new data collection to describe the conditions of the Native Hawaiian community and to present comparisons with the population of Hawaii as a whole. The following points describe the populations of interest.

- **Native Hawaiians in the United States and, in particular, Native Hawaiians living in the state of Hawaii.** Because this study primarily used U.S. decennial census and American Community Survey data to analyze time trends, the report uses the U.S. Census Bureau’s definition of Native Hawaiian. The total Native Hawaiian population is defined to include respondents who identified Hawaiian as their only race (termed *Native Hawaiian alone*) and those who identified themselves as being Hawaiian and also belonging to one or more other races (termed *Native Hawaiian multiracial*).²
- **The population residing on the Hawaiian home lands.** Because data for all indicators were not available for the Native Hawaiian population on all home lands, the analysis of those living on the Hawaiian home lands was limited to the total population living on the 20 most populous Hawaiian home lands communities. These 20 home lands are home to 27,596 people, nearly 90 percent of the total Hawaiian home lands population.
- **HHCA beneficiaries and qualified Hawaiian home land lessees.**
 - *Beneficiary or beneficiaries* refers to the segment of the Native Hawaiian population that is eligible to live on the home lands, specified by HHCA to be those with at least 50 percent Native Hawaiian blood quantum.

- *Lessee* refers to someone who (1) has been awarded a lease on the home lands, (2) had a home lands lease transferred to them by the original leaseholder, or (3) succeeded to the lease after the death of the original leaseholder.

- The term *resident of Hawaii* refers to people who live in the state of Hawaii but who do not identify as Native Hawaiian. Exhibit ES.1 lists these definitions and their sources.

This report relies on several existing data sources, primarily those provided by the U.S. Census Bureau and also two new data collection activities. Data products from the U.S. Census Bureau—the decennial censuses of 2000 and 2010 and the American Community Survey for the years 2006 to 2010—form the basis for analysis of trends in population, socioeconomic, and housing conditions in Hawaii and for residents of sampled Hawaiian home lands. DHHL surveys of its lessees, the most recent of which were completed in 2008 and 2014, provide additional information about residents of the Hawaiian home lands. This information is supplemented with the following new data collection sources.

1. Semistructured interviews conducted in July 2014 with key informants from a range of stakeholder organizations provided qualitative information about the housing market, housing stock, and housing-related challenges for Native Hawaiians in Hawaii in general and on the home lands. Discussions were held with representatives of home land homestead associations, officials and staff of DHHL, and staff at organizations with direct experience working with the state’s Native Hawaiian population.

² The technical U.S. census term is Native Hawaiian in combination.

Exhibit ES.1. Definitions of Native Hawaiian

In this report, the term **Native Hawaiian** is used to refer to all Native Hawaiians, regardless of blood quantum.

Native Hawaiian: a descendant of the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii. This definition flows directly from multiple Acts of Congress. See, for example, 12 U.S.C. 1715z-13b(6); 25 U.S.C. 4221(9); 42 U.S.C. 254s(c); 42 U.S.C. 11711(3).

The term **HHCA beneficiary** is used to refer to people with a Native Hawaiian blood quantum of 50 percent or more. HHCA is the Hawaiian Homes Commission Act, and HHCA beneficiary includes both HHCA lessees and those who are on the HHCA beneficiary waiting list.

An HHCA beneficiary is defined in P.L. 104-42 as having “the same meaning as is given the term Native Hawaiian under section 201(7) of the Hawaiian Homes Commission Act.” Section 201 of the Hawaiian Homes Commission Act states “Native Hawaiian means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.” A lower case “n” (“native Hawaiian”) is sometimes used refer to the subset of all Native Hawaiians who meet the blood quantum requirements set out in the HHCA. In this report, the term **HHCA beneficiary** is used rather than native Hawaiian.

HHCA lessee means one of the following

- (1) An HHCA beneficiary who has been awarded a lease under Section 207(a) of the Hawaiian Homes Commission Act.^a
- (2) A Native Hawaiian (blood quantum of 25 percent or more) to whom land has been transferred under Section 208 of the Hawaiian Homes Commission Act.
- (3) A Native Hawaiian (blood quantum of 25 percent or more) successor lessee under Section 209 of the Hawaiian Homes Commission Act.

Congress uses two approaches to defining the **Native Hawaiian community**—the definition that is used in the HHCA, and a broader definition that includes any U.S. citizen who descends from the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii (U.S. Department of the Interior, 2015).

In this report, since data sources used in this study provide data separately for Native Hawaiians and all other residents of Hawaii, the term **resident of Hawaii** refers to those who live in the state of Hawaii but who do not identify as Native Hawaiian. In general parlance, people who live in Hawaii or who come from Hawaii are not all referred to as *Hawaiians*. The term *Hawaiian* is used to describe members of the ethnic group indigenous to the Hawaiian Islands. *Hawaii resident* or *islander* describes anyone who lives in the state. (Section 3, Definitions, Senate Bill No. 147, March 2005, sponsored by Senator Daniel Akaka).

^a See Sections 207(a) and 208(5) of the Hawaiian Homes Commission Act and 43 CFR Part 47.10 *Federal Register* 80 (91).

2. A household survey administered in person to a sample of 516 HHCA beneficiary households provided new information on households eligible for housing on the Hawaiian home lands but currently awaiting a lease assignment. Data collection took place from August 2014 to April 2015.
 - A representative sample was drawn from a list of applicants on the waiting list for homestead leases on the Hawaiian home lands and who opted in, via postcard, to participate in the survey. Trained Native Hawaiian interviewers conducted the interviews at respondents' residences so they could document indicators of quality and adequacy of the respondents' housing. Overall, 82.2 percent of households who opted into the study completed the survey.
- All this growth, however, was among the multiracial Native Hawaiian population; the population that identified as Native Hawaiian alone did not grow at all during the decade, but the Native Hawaiian multiracial population grew 31 percent. As a result of this uneven growth, an increasing share of the Native Hawaiian population is multiracial: nearly three in four people who identified as Native Hawaiian in 2010 also identified as another race.
 - Native Hawaiians living in Hawaii move less often than other residents of Hawaii. They are more likely to have lived in the same housing unit as in the previous year (86 percent of Native Hawaiians compared with 84 percent for residents of Hawaii), and, of those who live in a different place, Native Hawaiians are more likely to live in the same county as their previous residence (84 percent of Native Hawaiians compared with 56 percent of residents of Hawaii).

Key Findings

This report presents findings about population growth and distribution; demographic, social, and economic conditions; and housing conditions and needs. Findings are presented specifically for Native Hawaiians residing on the Hawaiian Home Lands and HHCA beneficiaries on the Home Lands waiting list.

Population Growth and Distribution

Changes in the Native Hawaiian population and its distribution across the state have implications for the quantity, size, features, and cost of housing needed.

- During the 2000-to-2010 decade, the Native Hawaiian population in Hawaii grew at nearly twice the rate of the state's population overall: the Native Hawaiian population grew at a rate of 21 percent compared with only a 12-percent rate for the overall population of Hawaii.

Demographic, Social, and Economic Conditions

This report compares the demographic, social, and economic conditions of Native Hawaiians residing in Hawaii and other residents of Hawaii at the state and county levels from 2000 to 2010. The analysis includes age structure, household size and type, educational attainment, employment levels, income, and poverty. Given the significance of the recent national recession (hereafter called the Great Recession) to the economy during this decade, the report also examines employment levels, income, and poverty to better understand the Great Recession's impact on Native Hawaiians residing in Hawaii.³

³ The Great Recession occurred from December 2007 through June 2009.

The Native Hawaiian population has a larger share of children (under age 18) and a smaller share of seniors (age 65 and older) than does the residents of Hawaii population. In 2010, 39 percent of Native Hawaiians were under age 20 compared with 21 percent of residents of Hawaii. Only 7 percent of Native Hawaiians were age 65 and older compared with 16 percent of residents of Hawaii.

- Native Hawaiian households tend to be larger. In 2010, the average size of a Native Hawaiian household was 4.1 people compared with 2.7 people for residents of Hawaii households.
- Native Hawaiian households are more likely to be families with children than are residents of Hawaii households.
- In 2010, 15 percent of Native Hawaiian households were single-parent households, more than twice the 6-percent rate for residents of Hawaii households.
- The Native Hawaiian population has a lower level of educational attainment than does the residents of Hawaii population. A larger share of the Native Hawaiian population has attained no higher than a high school diploma or general educational development, or GED, certificate (44 percent) than has the residents of Hawaii population (26 percent), and a smaller share of the Native Hawaiian population (15 percent) has a bachelor's or graduate degree than does the residents of Hawaii population (32 percent).
- Native Hawaiians participate in the civilian labor force (that is, they are either working or looking for work in civilian jobs) at higher rates than do residents of Hawaii, who have higher rates of military participation, given the U.S. Department of Defense's strong presence in the state. Native Hawaiians work in lower-wage service industry jobs,

and they also have higher unemployment rates than residents of Hawaii.

- Although improvements were made during the 2000-to-2010 decade, Native Hawaiians living in Hawaii continue to be more economically disadvantaged: they have lower incomes, higher rates of assistance receipt, and higher poverty rates than do other residents of Hawaii.
- Native Hawaiians living in Hawaii were disproportionately hurt by the Great Recession when compared with other residents of Hawaii. From 2008 to 2011, those Native Hawaiians experienced a larger drop in their employment rate and larger increases in their rates of unemployment, poverty, and means-tested benefit receipt than did other residents of Hawaii.

Housing Conditions and Needs

Using U.S. Census Bureau data sources and information gleaned from key informant interviews, this report presents data on the housing stock and housing conditions and needs in Hawaii. It describes the housing market in Hawaii in comparison with the United States as a whole and compares housing information for Native Hawaiians and other residents of Hawaii residing within the state of Hawaii (that is, both on and off the Hawaiian home lands), including selected indicators of housing problems and needs (that is, overcrowding, affordability, and kitchen and plumbing facilities problems).

- Housing stock growth in Hawaii was similar to the rate of growth in the United States overall (13 percent in Hawaii and 14 percent in the United States). Within the state, Honolulu County saw the least new development, reflecting the state's priorities to promote growth outside Honolulu County.

- Vacation homes (that is, units for seasonal, recreational, or occasional use) dominate housing vacancies in Hawaii: 47 percent of vacant units in the state fall into this category. Vacancy rates among units available for permanent residences in Hawaii are similar to the United States overall for homeowner units (both about 2 percent) and lower for rental units (8 percent in Hawaii compared with 9 percent in the United States), suggesting a tighter housing market.
- Native Hawaiian households live in older housing at slightly higher rates and are more likely to live in single-family detached homes than are residents of Hawaii households. During the 2006-to-2010 period, 21 percent of Native Hawaiian households lived in units built before 1960 compared with 19 percent of residents of Hawaii households. Further, 71 percent of Native Hawaiian households lived in single-family detached homes compared with 63 percent of residents of Hawaii households.
- Despite Native Hawaiians' preference for homeownership over renting, the Native Hawaiian homeownership rate lags behind that of residents of Hawaii. During the 2006-to-2010 period, 55 percent of Native Hawaiian households were homeowners compared with 58 percent of residents of Hawaii households.
- When Native Hawaiians do own homes, those homes tend to be valued at less than homes owned by residents of Hawaii. During the 2006-to-2010 period, the median home value for Native Hawaiians (\$463,800) was nearly \$75,000 less than the state median. This disparity persisted in the four counties examined.
- Native Hawaiian households face higher rates of facilities problems than do residents of Hawaii households. For example, during the 2006-to-2010 period, 1.1 percent of Native Hawaiian households lacked complete plumbing facilities compared with 0.7 percent of residents of Hawaii households.
- Native Hawaiian households also experience higher rates of overcrowding (15 percent) compared with residents of Hawaii households (8 percent).
- Affordability challenges are more acute in Hawaii than in the United States overall, with both the Native Hawaiian and residents of Hawaii cost burden rates (40 and 42 percent, respectively) surpassing the national rate of 36 percent. Despite the slightly lower rate among Native Hawaiians, key informants from multiple organizations noted the prevalence of affordability problems among Native Hawaiians and indicated that they cope with this challenge through extended-family living or overcrowding, taking on additional jobs, or moving to less expensive areas farther from employment.
- Homelessness among Native Hawaiians is prevalent. Although not typically chronically homeless, they are overrepresented in Hawaii's homeless population. Homeless Native Hawaiians often have jobs but cannot afford housing, so they double up or live in tents, shelters, cars, or garages.

Native Hawaiians Residing on Hawaiian Home Lands and on the Home Lands Waiting List

Findings specific to Native Hawaiians residing on the Hawaiian home lands and those on the waiting list for a lot on the Hawaiian home lands include the following.⁴

⁴ Note that these two groups are not mutually exclusive, because some individuals who reside on the Hawaiian home lands are also HHCA beneficiary applicants on the waiting list.

- Households on the 20 sampled Hawaiian home lands were more demographically similar to HHCA beneficiary households on the waiting list than to Native Hawaiian and residents of Hawaii households. For example, about 25 percent of households on the sampled Hawaiian home lands and on the waiting list are married couples with children, and about 9 percent are single-parent households. Further, about two in five households for both groups have five or more members.
- HHCA beneficiary households on the waiting list are more economically disadvantaged than are Native Hawaiian households overall, residents of Hawaii households, and Native Hawaiian households living on the home lands.
 - HHCA beneficiary households on the waiting list have the lowest median income of all four groups by a substantial margin: \$48,000 compared with more than \$60,000 for all other groups.
 - HHCA beneficiaries on the waiting list also receive public cash assistance at more than twice the rate of the other groups: about 20 percent of households on the waiting list received public cash assistance compared with about 7 percent of Native Hawaiians and those living on the home lands and 3 percent for residents of Hawaii.
- HHCA beneficiary households on the waiting list face more significant housing challenges across all dimensions than do the other groups.
 - Nearly 40 percent of HHCA beneficiary households on the waiting list were overcrowded compared with only 19 percent of households on sampled Hawaiian home lands, 15 percent of the state’s Native Hawaiian households, and 8 percent of residents of Hawaii households.
 - About 10 percent of HHCA beneficiary households on the waiting list lack complete plumbing compared with 1 percent for all other groups.
 - Nearly one-half (46 percent) of HHCA beneficiary households on the waiting list experience cost burden compared with 40 percent of Native Hawaiian households, 42 percent of resident of Hawaii households, and only 21 percent of households on the sampled Hawaiian home lands. The much lower rate of cost burden among home lands households is due, at least in part, to the financial benefits of home lands leases, which reduce monthly housing costs, including minimal lease payments for the land and a 7-year exemption from real estate property tax.

Housing Policies and Programs

This study considered Hawaiian home lands policies and other housing assistance programs available to members of the Native Hawaiian community, homeownership and mortgage access, and NAHASDA funding and activities.

- DHHL has extended home land lease offers to thousands of HHCA beneficiaries on the waiting list for a residential lot during the past 20 years, but many HHCA beneficiary lease applicants do not assume a lease when it is offered. DHHL staff and other informants noted that inability to secure the necessary loan is a significant barrier to lease takeup. DHHL staff also reported that applicants turn down leases because they are not interested in the lot available, are waiting for property in a specific area, consider themselves too old to assume a mortgage, or are living on the mainland and not

ready to return to Hawaii. The survey of HHCA beneficiary households on the waiting list confirmed these impressions. About 55 percent of households had received a lease offer from DHHL, and the most common reasons for not accepting it were not liking the location, thinking they would not qualify for the loan, and not being able to relocate at that time.

- In previous years, DHHL prioritized turnkey developments, which provide lessees with built homes rather than owner-build plots where lessees build their own houses. Turnkey leases cost more, which some stakeholders believe has made it harder for low- and moderate-income HHCA beneficiaries to have a lease on the Hawaiian home lands. DHHL is currently piloting rental and rent with option to purchase models to better meet the needs of some lower-income HHCA beneficiaries. DHHL more recently has taken a renewed look at providing more owner-build plots and financing options to assist lower-income HHCA beneficiaries with building their own homes.
- Despite the affordability challenge, Native Hawaiians tend to prefer owning a single-family home. About 60 percent of households on the waiting list indicated an improved lot with a new house as their first choice, and 46 percent listed an improved lot with an existing house as their second choice. Further, only one-half of HHCA beneficiary households on the waiting list would be willing to accept a townhouse or multiplex unit rather than a single-family unit in order to get a home more quickly.
- DHHL staff highlighted a number of ways they use NHHBG funds, including capital improvement; mortgage and home-repair loan financing; loss mitigation;

financial literacy; and grants for model activities, including safety enhancements, organizational support, community policing, and model activities that incorporate educational, cultural, and recreational activities for affordable-housing residents.

- Like tribal reservation lands on the continental United States, Hawaiian home lands are held in trust and the inalienability of the trust lands constrains building or purchasing homes on Hawaiian home lands.⁵ Private lenders are unwilling to lend to a home lands homebuyer because no mechanism would be in place to foreclose in the event of a borrower default. Various federal programs have been designed to address this issue.
- One challenge related to NAHASDA funding is that, because NHHBG is a federal funding stream, DHHL must pay prevailing wages as determined by the Davis-Bacon Act wage requirements. Although American Indian tribes and Alaska Native villages can apply their own prevailing wage rates in lieu of the federal ones, DHHL does not have this authority. Key informants noted that the prevailing wage rates are often higher than market or labor union wage rates, increasing the cost of labor.

Conclusions

Overall, the Native Hawaiian population faces greater levels of disadvantage than the residents of Hawaii population, and HHCA beneficiary households on the waiting list for homestead leases on the Hawaiian home lands face even larger challenges. By contrast, Native Hawaiians currently living on the Hawaiian home lands have higher incomes and face housing affordability issues less often.

⁵ From a legal perspective, the Hawaiian home lands are public lands held in trust by the State of Hawaii for the benefit of Native Hawaiians as defined in the HHCA. Thus, HHCA beneficiaries who become residents on one of the Hawaiian home lands are not landowners, but rather “lessees.”

Evidence suggests the need for increased homeownership supports among low-income HHCA beneficiary households on the waiting list. Many renters (63 percent) on the HHCA beneficiary waiting list who would prefer to own a home are unable to do so because they cannot afford a downpayment or save enough for a house. Although the survey sample was drawn from all HHCA beneficiary applicants on the waiting list and was not limited to NAHASDA-eligible HHCA beneficiaries (those at less than 80 percent of the Area Median Income), their income data suggest that about one-half of this population would qualify for NAHASDA assistance. This finding suggests the need for NAHASDA funds to support downpayment assistance, credit counseling, and homebuyer education and also the development of larger homes suited to the group's larger typical household size. A complementary approach might be to support affordable rental options as a stepping stone to homeownership.

The NHHBG program is limited to serving income-eligible HHCA beneficiaries. Other members of the Native Hawaiian community who are ineligible for homestead leases must seek assistance through housing

assistance programs serving all residents of Hawaii, such as the Housing Choice Voucher program, which has closed waiting lists throughout the state.

Native Hawaiians living on the Hawaiian home lands are better off financially than other Native Hawaiians, while at the same time HHCA beneficiary applicants on the waiting list struggle the most with affordability problems. This difference could be due in part to the ability of financially better off HHCA beneficiaries to assume leases more often because they are able to obtain the necessary housing loan and the inability of those who are worse off to obtain the housing loan, requiring them to stay on the waiting list. The evidence suggests the benefits of home lands housing, however, and supports continuous and increased funding for infrastructure, housing development, and housing assistance for low-income HHCA beneficiaries. Data show that all Native Hawaiian households, but especially those on the waiting list for a home lands lease, face significant housing challenges, suggesting a need to consider alternative ways to assist low-income households through the NHHBG and other programs.

Section 1. Introduction

This report is part of the Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs sponsored by the U.S. Department of Housing and Urban Development (HUD). The overarching purpose of the assessment is to document the housing needs and conditions of American Indians, Alaska Natives, and Native Hawaiians.

This report examines patterns in the social, economic, and housing characteristics and conditions of Native Hawaiians based on data produced by the U.S. Census Bureau and on new data collection. The Urban Institute conducted a similar assessment of Native Hawaiian housing problems and needs using 1990 census data (Mikelsons et al., 1995). That report identified substantial disparities between Native Hawaiians and non-Native Hawaiians in education, income, and unemployment. In addition, it found that Native Hawaiians experienced substantial housing problems, including overcrowding and cost burden. Given these levels of need and disparity, the report suggested that existing housing and development programs were not meeting the housing needs of Native Hawaiians.

The Native Hawaiian population receives federal housing funds through the Native Hawaiian Housing Block Grant (NHHBG), which is authorized by an amendment to the Native American Housing Assistance and Self-Determination Act (NAHASDA). Although Congress has repeatedly acknowledged its special political and trust relationship with the Native Hawaiian

community since the overthrow of the Kingdom of Hawaii more than a century ago, the federal government does not maintain a formal government-to-government relationship with the Native Hawaiian community as an organized, sovereign entity. The State of Hawaii's Department of Hawaiian Home Lands (DHHL) manages NHHBG funds. DHHL also handles the day-to-day management of the Hawaiian Home Lands program established in 1921 by the Hawaiian Homes Commission Act (HHCA). The public land trust of more than 200,000 acres was established for homesteading by members of the Native Hawaiian community who are not less than one-half part of the blood of the people inhabiting the Hawaiian Islands before 1778 in order to support the self-sufficiency and well-being of the Native Hawaiian people.⁶ The blood quantum requirement of these persons, referred to in this report as *HHCA beneficiaries*, reflects ties to the Native Hawaiian political community.⁷

These trust lands are leased to HHCA beneficiaries for residential, agricultural, and pastoral purposes in homestead communities. From a legal perspective, the Hawaiian home lands are public lands held in trust by the State of Hawaii for the benefit of Native Hawaiians, as defined in HHCA. Thus, HHCA beneficiaries who become residents on one of the Hawaiian home lands are not landowners, but rather "lessees." Demand for homestead leases is consistently greater than the supply. DHHL currently has 43,080 applications on its waiting list, of which 21,929 were applications for residential homesteads (DHHL, 2014b). This situation exists, in part, because many of the lands in the trust are remote and lack

⁶ Section 201 of HHCA. The first contact of Western populations with the Hawaiian Islands occurred in 1778.

⁷ *Proposed Amendments to the Organic Act of the Territory of Hawaii: Hearings on H.R. 7257 Before the House Comm. on the Territories*, 66th Cong. 15, at 140 (1921). As Congress explained, Congress "does not extend services to Native Hawaiians because of their race, but because of their unique status as the indigenous peoples of a once sovereign nation as to whom the United States has established a trust relationship" 114 Stat. 2968 (2000) (Hawaiian Homelands Homeownership Act).

the infrastructure needed for homesteading purposes, such as roads, drainage, water, sewer, and electricity.

Through this assessment of the housing needs of the Native Hawaiian population, this report aims to provide information that can inform policy in ways that support the federal government and other stakeholders in effectively using resources to improve the housing conditions of the Native Hawaiian community.

This Report and the Overall Study

Because of differences in the history and characteristics of the Native Hawaiian population and land trust administration compared with those of the American Indian and Alaska Native populations, the assessment of the housing needs of Native Hawaiians was conducted as a distinct project component of the national Assessment of American Indian, Alaska Native, and Native Hawaiian Housing Needs.

This report presents an overview of characteristics of Native Hawaiians living in the state of Hawaii and addresses the following research questions.

- What has been the extent of population growth for Native Hawaiians, and what are the trends between the 2000 and 2010 censuses?
- What are the trends in the distribution of the Native Hawaiian population over time?
- What are the trends in the social and economic conditions of the Native Hawaiian population between the 2000 and 2010 censuses? How do these trends compare with trends identified in the earlier Urban Institute study conducted for HUD (Mikelsons et al., 1995)?
- What are the housing characteristics and living conditions of the Native Hawaiian population in Hawaii? How do these trends compare with trends identified in Mikelsons et al. (1995)?
- What differences exist between the housing characteristics and living conditions of the Native Hawaiian population residing on the Hawaiian home lands and the Native Hawaiian population living in the rest of the state of Hawaii?
- What are the housing conditions and needs of HHCA beneficiaries on the waiting list for leases in the Hawaiian home lands, and how do they compare with those of Hawaiian home lands residents?

The study approach combined existing data and new data collection and included both quantitative and qualitative methods. The report includes descriptions of the geography and history of Hawaii that provide context for unique landownership and housing concepts and for development challenges in Hawaii. The following data sources are used in this study.

- **Data products from the U.S. Census.** The decennial censuses of 2000 and 2010 and the 2006–2010 American Community Survey (ACS) 5-year estimates form the basis for analysis of trends in population, socioeconomic conditions, and housing in Hawaii and for residents of sampled Hawaiian home lands.⁸ The research team also used the 2008 and 2011 1-year ACS estimates to evaluate the impact of the Great Recession on Native Hawaiians.
- **DHHL surveys of its lessees.** The research team used the most recent surveys, which were completed in 2008 and 2014.

⁸ Some analysis of the characteristics of the Native Hawaiian population residing in the continental United States is included in this report, but most of the study's data collection and analyses focus on the Native Hawaiian population in the state of Hawaii.

- **Discussions with stakeholders in Hawaii.** Semistructured discussions conducted in July 2014 provide qualitative information about the housing market, housing stock, and housing challenges for Native Hawaiians in general and residents in the Hawaiian home lands in particular. Discussions were held with leadership and members of homestead associations, officials and staff of DHHL, and stakeholders at organizations that work with the state’s Native Hawaiian population. This last group included the State of Hawaii Office of Hawaiian Affairs, housing assistance providers, financial institutions, advocacy groups, and faith-based and other social service organizations.
- **Household survey.** An in-person survey of 516 HHCA beneficiary households provided new information on HHCA beneficiary households who were eligible for housing on the Hawaiian home lands but were currently awaiting assignment of a lease. Data collection took place from August 2014 through April 2015.
 - A representative sample was drawn from a list of applicants on the waiting list and who opted in, via postcard, to participate in the survey (see exhibit ES.1 for the definition of an HHCA beneficiary). Obtaining a random sample of HHCA beneficiaries from the general population of the state would have been beyond the funding limits of the study. After reviewing several administrative databases, the study team determined that the waiting list database provided the best pool from which to draw a random sample of individuals of Native Hawaiian heritage.
 - Trained Native Hawaiian interviewers conducted interviews. The overall unweighted response rate was 82.2 percent.⁹

Additional detail about data sources and methods is included in the technical appendixes.

The Structure of This Report

The remaining sections of the report consist of sections 2 through 7 and technical appendixes. The report moves from the broader context of the state of Hawaii to the Hawaiian home lands, followed by new information about HHCA beneficiaries on the waiting list for a lot on the home lands. The report then describes housing policies and programs in Hawaii, challenges that Native Hawaiians face, and policy implications and conclusions.

Section 2—Population Growth and Distribution

Section 2 presents information on the changing size of the Native Hawaiian population in the United States, in the state of Hawaii, and in counties within the state. These trends provide context for understanding the housing needs of Native Hawaiians. The analysis was based primarily on data from the 2000 and 2010 decennial censuses and the 2006–2010 ACS.

Section 3—Demographic, Social, and Economic Conditions

Section 3 describes the demographic, social, and economic conditions of Native Hawaiians in Hawaii, including age structure, household size and type, educational attainment, employment levels, income, and poverty. Native Hawaiians and non-Native Hawaiians are compared across these domains at the state and county levels from

⁹ Some postcard opt-ins to the survey that were received late in the field period were sampled out because the research team did not need to include them to reach the sample targets. The unweighted response rate excludes those cases.

2000 to 2010. Given the significance of the Great Recession to the national economy during this decade, this section also examines selected variables (employment levels, income, and poverty) to better understand the Great Recession's impact on Native Hawaiians.

Section 4—Housing Conditions and Needs

Using U.S. Census Bureau data sources and information gleaned from interviews with stakeholders in Hawaii, section 4 presents data on the housing stock and housing conditions and needs in Hawaii. The section begins by describing the housing market, including the types, age, size, and values of housing in Hawaii, and compares these data with data for the United States as a whole. It also compares housing information for Native Hawaiians and non-Native Hawaiians residing within Hawaii. This section presents selected indicators of housing problems and needs, including overcrowding, affordability, and kitchen and plumbing facilities problems. The data presented for Native Hawaiians in this section include all respondents in Hawaii who self-identified as Native Hawaiian in the census, including Native Hawaiians residing on the Hawaiian home lands.

Section 5—Circumstances of Native Hawaiians Residing in Hawaiian Home Lands and on the Home Lands Waiting List

Sections 2 through 4 of this report describe population growth and distribution, social and economic conditions and trends, and housing conditions and needs for all of Hawaii by using census data to compare Native Hawaiians residing in the state with other residents of Hawaii. Section 5 addresses the same topics, focusing on two groups of Native Hawaiians: those residing on the Hawaiian home lands and those HHCA beneficiaries on the waiting list for a lot on the Hawaiian home lands.

Section 6—Housing Policies and Programs

Section 6 discusses Hawaiian home lands policies and other housing assistance programs available to the Native Hawaiian community and to other low-income residents of Hawaii. This section then considers homeownership and access to mortgages. The research team's review of policy documents and research reports is further informed by discussions with stakeholder organizations, ongoing discussions with DHHL, and the survey of households on the waiting list.

Section 7—Conclusions

The report concludes with an overall assessment of the challenges of the Native Hawaiian population, residents currently living on the Hawaiian home lands, and HHCA beneficiaries on the waiting list for homestead leases on the Hawaiian home lands. The research team finds that the data suggest the benefits of receiving a homestead lease and substantiate the need for continued housing assistance for Native Hawaiians. The research also estimates the proportion of Native Hawaiians who could potentially be served by NAHASDA.

Section 2. Population Growth and Distribution

This section presents information on the changing size of the Native Hawaiian population in the United States, in the state of Hawaii, and in the counties within the state. These trends provide context for understanding the housing needs of Native Hawaiians. Changes in the Native Hawaiian population and its distribution across the state have implications for the quantity, size, features, and cost of housing needed. The analysis was based primarily on data from the 2000 and 2010 decennial censuses and the 2006–2010 American Community Survey.

Key findings from this section include—

- During the 2000-to-2010 decade, the Native Hawaiian population in Hawaii grew at twice the rate of the state’s population overall.
- All this growth, however, was among the multiracial Native Hawaiian population. The population that identified as Native Hawaiian alone did not grow at all during the decade, but the Native Hawaiian multiracial population grew 31 percent.
- As a result of this uneven growth, an increasing share of the Native Hawaiian population is multiracial. Nearly three in four people who identified as Native Hawaiian in 2010 also identified as another race.
- Native Hawaiians were more likely to live outside Honolulu County than were other residents of Hawaii. Because the Native Hawaiian population grew by a much larger percentage than did the residents of Hawaii population in Honolulu County,

however, Native Hawaiians made up a larger share of the population there in 2010 than in 2000.

- Native Hawaiians residing in Hawaii move less often than other residents of Hawaii. They were more likely to have lived in the same housing unit in the previous year, and those who moved were more likely to remain in the same county.

Historical Perspective

Native Hawaiians experienced drastic population losses in the century after first contact with non-Hawaiians due to the introduction of diseases, weapons, and alcohol. The size of Hawaii’s indigenous population was estimated at 200,000 to 400,000 around 1778. A census taken in the 1830s enumerated a Native Hawaiian population of only 130,000, and, in 1900, the Native Hawaiian population was less than 40,000 (Mikelsons et al., 1995).

The depopulation of Hawaii was sharply reversed early in the 20th century, however, with large-scale immigration to the state. Increasing demand for plantation workers stimulated immigration initially from China and Portugal and, later, from Japan and the Philippines. Immigration from the U.S. mainland as a result of Hawaii’s annexation and conversion to statehood also contributed importantly to growth (Mikelsons et al., 1995). By 2000, Hawaii’s population had grown to about 1.2 million overall, nearly eight times what it had been in 1900 (about 150,000 residents; see appendix A, exhibit A3.1).

Although no fully reliable data are available, it is likely that Native Hawaiians accounted for nearly all the state’s people in 1900, but their share dropped significantly after that. In 1990, the U.S. Census reported that Native Hawaiians accounted for only 13 percent of the total state population;

Asians accounted for 49 percent, Whites for 33 percent, and Blacks for 2.5 percent (Mikelsons et al., 1995).

Defining Native Hawaiian

The U.S. decennial census provides reliable, consistently defined information about the population in the country. Since the census's inception, however, the U.S. Census Bureau has changed how it asks respondents about race and ethnicity, which limits the ability to make comparisons about the Native Hawaiian population over time.¹⁰ A significant change occurred in 2000, when the U.S. Census Bureau started allowing respondents to identify themselves as belonging to more than one race, and, in 2010, the Census Bureau adopted a consistent approach. Because this report primarily focuses on comparing trends from 2000 to 2010, which use consistent racial definitions, this change does not present a significant problem for this report. Some comparisons are made with 1990 decennial census data from Mikelsons et al. (1995), and those comparisons should be interpreted with caution. This report uses the population definitions shown in exhibit 2.1, which is also included in the executive summary.

The Total Native Hawaiian Population

By 2010, the Native Hawaiian population was roughly evenly split between those living in Hawaii and those residing on the U.S. mainland (exhibit 2.2). Because of differing growth rates, the population became increasingly dominated by the Native Hawaiian multiracial population. In 2010, 527,000 people identified as Native Hawaiian in the United States, and, of those,

290,000 (55 percent) lived in Hawaii and 237,000 (45 percent) lived on the mainland. The population living on the mainland has a slightly higher share of those who identify as Native Hawaiian alone (32 percent) than the population in Hawaii (28 percent).

Further, growth rates among the Native Hawaiian population have been driven by growth among the Native Hawaiian multiracial population. Overall, that group grew 42 percent during the decade compared with a growth rate of 10 percent for the total U.S. population. Growth was strong inside and outside Hawaii: the mainland population grew 60 percent, and the Native Hawaiian multiracial population in Hawaii grew 31 percent. By contrast, the Native Hawaiian-alone population grew much more slowly during the decade, and all the growth happened outside Hawaii. The Native Hawaiian-alone population on the mainland grew 25 percent, but the population in Hawaii experienced no growth, remaining at about 80,000 during the decade. A result of these trends is that an increasing share of the Native Hawaiian population is multiracial, with 72 percent (nearly three in four) of those who identify as Native Hawaiian also identifying with another race in 2010.

Hawaii's Geography

The state of Hawaii is part of the Hawaiian archipelago, which spans 1,500 square miles and includes 132 islands. The state itself includes eight major islands in the southeastern part of the archipelago: Hawaii, Kahoolawe, Kauai, Lanai, Maui, Molokai, Niihau, and Oahu (see exhibit 2.3). All are inhabited, except for Kahoolawe. The island of Hawaii is the largest, containing 62.7

¹⁰ Early census data, such as the 1900 U.S. Census of the Hawaiian Islands, listed Hawaiian as an option. Hawaii became a state in 1959, and, in 1960, "Hawaiian" and "Part Hawaiian" were added as racial categories for state of Hawaii residents only. In 1970, these two categories were collapsed into "Hawaiian" and this single category was added as an option for every state except Alaska (Hixson, Hepler, and Kim, 2010). This change resulted in a substantial reduction in the population that identified as Hawaiian in the state between 1960 and 1970, presumably because many Hawaiians chose another racial category in 1970 because "Part Hawaiian" was no longer an option (Jaworowski, 1998).

Exhibit 2.1. Definitions of Native Hawaiian

In this report, the term **Native Hawaiian** is used to refer to all Native Hawaiians, regardless of blood quantum.

Native Hawaiian: a descendant of the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii. This definition flows directly from multiple Acts of Congress. See, for example, 12 U.S.C. 1715z-13b(6); 25 U.S.C. 4221(9); 42 U.S.C. 254s(c); 42 U.S.C. 11711(3).

The term **HHCA beneficiary** is used to refer to people with a Native Hawaiian blood quantum of 50 percent or more. HHCA is the Hawaiian Homes Commission Act, and HHCA beneficiary includes both HHCA lessees and those who are on the HHCA beneficiary waiting list.

An HHCA beneficiary is defined in P.L. 104-42 as having “the same meaning as is given the term Native Hawaiian under section 201(7) of the Hawaiian Homes Commission Act.” Section 201 of the Hawaiian Homes Commission Act states “Native Hawaiian means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.” A lower case “n” (“native Hawaiian”) is sometimes used refer to the subset of all Native Hawaiians who meet the blood quantum requirements set out in the HHCA. In this report, the term **HHCA beneficiary** is used rather than native Hawaiian.

HHCA lessee means one of the following

- (1) An HHCA beneficiary who has been awarded a lease under Section 207(a) of the Hawaiian Homes Commission Act.
- (2) A Native Hawaiian (blood quantum of 25 percent or more) to whom land has been transferred under Section 208 of the Hawaiian Homes Commission Act.
- (3) A Native Hawaiian (blood quantum of 25 percent or more) successor lessee under Section 209 of the Hawaiian Homes Commission Act.^a

Congress uses two approaches to defining the **Native Hawaiian community**—the definition that is used in the HHCA, and a broader definition that includes any U.S. citizen who descends from the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii (U.S. Department of the Interior, 2015).

In this report, since data sources used in this study provide data separately for Native Hawaiians and all other residents of Hawaii, the term **resident of Hawaii** refers to those who live in the state of Hawaii but who do not identify as Native Hawaiian. In general parlance, people who live in Hawaii or who come from Hawaii are not all referred to as *Hawaiians*. The term *Hawaiian* is used to describe members of the ethnic group indigenous to the Hawaiian Islands. *Hawaii resident* or *islander* describes anyone who lives in the state. (Section 3, Definitions, Senate Bill No. 147, March 2005, sponsored by Senator Daniel Akaka).

^a See Sections 207(a) and 208(5) of the Hawaiian Homes Commission Act and 43 CFR Part 47.10 *Federal Register* 80 (91).

Exhibit 2.2. Total Native Hawaiian Population, 2000 to 2010

	Total Population	Native Hawaiian Population		
		Total	Alone	Multiracial
Population, 2010 (000)				
U.S. total	308,746	527	156	371
Hawaii	1,360	290	80	210
Mainland United States	307,385	237	76	161
Percent of Total Population, 2010				
U.S. total	100	100	100	100
Hawaii	0*	55	51	57
Mainland United States	100	45	49	43
Percent Change in Population, 2000–2010				
U.S. total	10	31	11	42
Hawaii	12	21	0	31
Mainland United States	10	47	25	60

* Because less than 1 percent of the U.S. total population lives in Hawaii, the percentage rounds to zero.

Sources: U.S. Census Bureau, decennial censuses 2000 and 2010

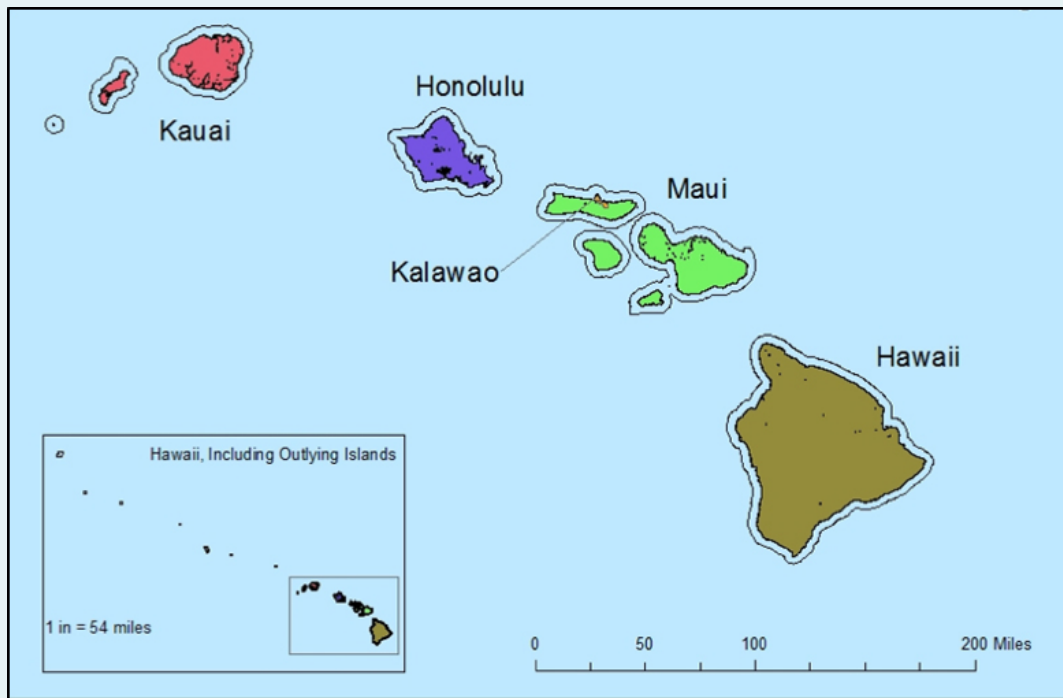
percent of the state's land area. Apart from the United States as a whole and the state of Hawaii, the main geographic divisions used in this report are counties and the Hawaiian home lands. Hawaii has five counties: Hawaii, Honolulu, Kalawao, Kauai, and Maui. The islands included in each county are shown in the county/island chart. Because of data availability limitations, county-level analysis in this report does not include Kalawao County.¹¹

The counties in Hawaii differ in their population size, land area, and population density (exhibit 2.4). The starkest contrasts are between Honolulu County, which contains the state's only major city, Honolulu, and the remainder of the state. Honolulu County is by far the most

developed. Although it has the smallest land area, it has by far the highest population, at nearly 1 million (70 percent of the entire state's population), resulting in a population density that was 15 to 30 times that of the other counties in 2010. The other three counties were much less densely populated and had smaller population shares. In 2010, 14 percent of the state's population lived in Hawaii County, 11 percent lived in Maui County, and 5 percent lived in Kauai County. Although Hawaii County has more people than Maui and Kauai Counties, it is also larger in size, resulting in a population density of about 46 people per square mile, which is about one-half the densities of Maui and Kauai Counties.

11 Kalawao County has a unique population in Hawaii. This county, with a population of 90 in 2010, is coterminous with the Kalaupapa National Historical Park, which includes the Kalaupapa settlement, whose residents after the 1860s were exiled individuals with leprosy (Hansen's disease). After the quarantine policy was lifted in 1969, many of the residents chose to remain and are permitted to remain for the rest of their lives. This county is excluded from analyses for this study because the current population is extremely small, no new residents are allowed to move there, and the characteristics and needs of the current residents are unique in comparison with those of other residents in Hawaii.

Exhibit 2.3. Counties in the State of Hawaii



County	Islands
Hawaii	Hawaii
Honolulu	Oahu, several smaller islands
Kalawao	Kalaupapa peninsula on the island of Molokai
Kauai	Kauai and Niihau, nearby smaller islands
Maui	Maui, Kahoolawe, Lanai, and most of Molokai

Exhibit 2.4. Land Area and Population Density, Hawaii and by County, 2010

	Population (thousands)	Land Area, (sq. mi.)	Population Density (per sq. mi.)
Hawaii	1,360	6,422	211.8
Counties			
Hawaii	185	4,028	45.9
Honolulu	953	600	1,586.70
Kauai	67	620	108.2
Maui	155	1,161	133.3

Source: U.S. Census Bureau: State and County QuickFacts.

Population Trends by County

Since the mid-20th century, the State of Hawaii has aimed to slow growth in Honolulu County and promote development in the rest of the state. As described by Mikelsons et al. (1995), Honolulu County experienced the most overall population growth from 1900 to 1990, growing to 14 times its 1900 size, and the other counties' populations grew much more slowly (from 2.5 to 3.6 times their 1900 sizes by 1990). The pattern of population growth across the counties shifted after the 1970s, when the State of Hawaii Land Use Commission implemented

policies to slow development in Honolulu County and redirect it to the other counties. In response to these policies, population increases during the next three decades in the three more rural counties exceeded those in Honolulu. From 1970 to 1990, Maui County experienced the most dramatic growth, with the population more than doubling, from 46,000 to 101,000.

This trend continued during the 2000-to-2010 decade, when the populations in Hawaii, Maui, and Kauai Counties grew at higher rates than the population in Honolulu County (exhibit 2.5). During the decade,

Exhibit 2.5. Population in Hawaii for the Total Population and the Native Hawaiian Population 2000-2010

	Total Population	Native Hawaiian Population		
		Total	Alone	Multiracial
Population, 2010 (thousands)				
Hawaii	1,360	290	80	210
Hawaii County	185	55	16	39
Honolulu County	953	182	48	134
Kauai County	67	16	5	11
Maui County	155	37	11	25
Pct. of Total Population, 2010				
Hawaii	100	21	6	15
Hawaii County	100	30	9	21
Honolulu County	100	19	5	14
Kauai County	100	24	8	16
Maui County	100	24	7	16
Pct. Change in Population, 2000-2010				
Hawaii	12	21	0	31
Hawaii County	24	28	9	37
Honolulu County	9	19	-3	29
Kauai County	15	19	3	29
Maui County	21	23	0	37

Source: U.S. Census Bureau: State and County QuickFacts, 2010

Honolulu County grew only 9 percent compared with rates of 24 percent for Hawaii County, 21 percent for Maui, and 15 percent for Kauai.

Compared with other residents of Hawaii, Native Hawaiians are more likely to live outside Honolulu County. In 2010, 63 percent of Native Hawaiians lived in Honolulu County compared with 70 percent of all residents. Although they were underrepresented in Honolulu County, Native Hawaiians were overrepresented in Hawaii County: 19 percent of Native Hawaiians lived there compared with 14 percent of all residents. Smaller shares of Native Hawaiians lived in Maui (13 percent) and Kauai (6 percent).

Like the state population overall, the Native Hawaiian population is growing most rapidly outside of Honolulu County. From 2000 to 2010, the Native Hawaiian population grew 28 percent in Hawaii County and 23 percent in Maui County (compared with 24 and 21 percent for the total population in those counties, respectively). Because the Native Hawaiian population grew by a larger percentage than the total population in Honolulu County (19 percent for Native Hawaiians compared with only 9 percent for the total population), Native Hawaiians still accounted for 19 percent of the population of Honolulu County in 2010.

Much of this growth was concentrated among the Native Hawaiian multiracial population. The Native Hawaiian-alone population remained constant during the decade in the state overall, and changes in that group by county were modest: an increase of 9 percent in Hawaii County and 3 percent in Kauai County, with no change in Maui County and a loss of 3 percent in Honolulu County. The Native Hawaiian multiracial population, however, grew 37 percent in Hawaii and Maui Counties and 29 percent in Kauai and Honolulu Counties.

Mobility

Migration can be a major factor in population change over time. Mikelsons et al. (1995) used the U.S. Census Bureau's Public Use Microdata Sample files to examine net migration flows for the Native Hawaiian population between the counties and the U.S. mainland between 1985 and 1990. They identified three important trends. First, the state lost about 1,800 Native Hawaiians to the mainland, 1.5 percent of the population more than 5 years of age. Second, Honolulu County lost about 2,600 Native Hawaiians (3 percent of the county's Native Hawaiian population) to the other counties. Third, Hawaii County gained nearly 1,200 Native Hawaiians from the other counties and the mainland.

The research team was not able to conduct a similar analysis for this study. Instead, the team examined selected census indicators on residence 1 year before the census and the date the household moved into the home as proxies for mobility. Across these indicators, the findings consistently showed that the Native Hawaiian population is slightly less mobile than the other residents of Hawaii population. First, Native Hawaiians were more likely to live in the same place as in the previous year. In Hawaii, during the 2006-to-2010 period, 86 percent of Native Hawaiians lived in the same place 1 year before the survey data collection, which was slightly higher than the rate for residents of Hawaii (84 percent). The Native Hawaiian share varied by only a small margin, from 85 percent in Maui County to 87 percent in Kauai County.

Second, if they moved, Native Hawaiians were more likely to still live in the same county as in the previous year. Of those Native Hawaiians living in a different place than in the previous year, the majority (84 percent) were still living in the same county

compared with only 56 percent among residents of Hawaii. The Native Hawaiian share was between 84 and 87 percent in Hawaii, Honolulu, and Maui Counties but was much lower (74 percent) in Kauai County.

Third, Native Hawaiians were also more likely to have moved into their homes before 2000. From 2006 to 2010, nearly

one-half (48 percent) of Native Hawaiian households had moved into their current residences before 2000 compared with 44 percent of residents of Hawaii. Among the counties, Kauai had the highest proportion (53 percent) of Native Hawaiians moving in before 2000 and Hawaii County had the lowest (45 percent).

Section 3. Demographic, Social, and Economic Conditions

This section of the report describes the demographic, social, and economic conditions of Native Hawaiians in Hawaii, including age structure, household size and type, educational attainment, employment levels, income, and poverty. Native Hawaiians and residents of Hawaii are compared across these domains at the state and county levels from 2000 to 2010. Given the significance of the Great Recession to the national economy during this decade, this section also examines employment levels, income, and poverty to better understand the Great Recession's impact on Native Hawaiians.

Comparing census data across years can necessitate the use of different data sets. For the first set of topics (age structure, household size, and household type), the research team used the 2000 and 2010 decennial censuses because these topics are fully covered in both years. For the other topics (educational attainment, employment levels, income, and poverty), the team compared 2000 decennial census long-form data with the 2006-to-2010 American Community Survey (ACS) 5-year estimates selected population tables. To examine the impact of the Great Recession, the research team used 2008 and 2011 ACS 1-year estimates to cover the periods just before and after that recession.

Key Findings

Key findings from this section include—

- The Native Hawaiian population is younger, with larger shares of children

(under age 18) and smaller shares of seniors (age 65 and older), than is the residents of Hawaii population.

- Native Hawaiian households are larger than residents of Hawaii households.
- Native Hawaiian households are more likely to be families with children than are residents of Hawaii households.
- Native Hawaiians have lower levels of educational attainment than do residents of Hawaii, with larger shares having attained no higher than a high school diploma or general educational development (GED) certificate and smaller shares having attained a bachelor's or graduate degree.
- Native Hawaiians participate in the civilian labor force at higher rates than do residents of Hawaii (the latter have higher rates of military participation, given the U.S. Department of Defense's strong presence in the state), but they work in lower-wage service industry jobs and have higher unemployment rates.
- Although improvements have been made during the 2000-to-2010 decade, Native Hawaiians have lower incomes, higher rates of assistance receipt, and higher poverty rates than do residents of Hawaii.
- Native Hawaiians were disproportionately hurt by the Great Recession when compared with residents of Hawaii. From 2008 to 2011, the economic conditions for Native Hawaiians worsened across all the indicators examined, increasing their employment, income, and poverty challenges.

Age Distribution

The Native Hawaiian population tends to be younger than the residents of Hawaii population (exhibit 3.1). In 2010, the share of the Native Hawaiian population under

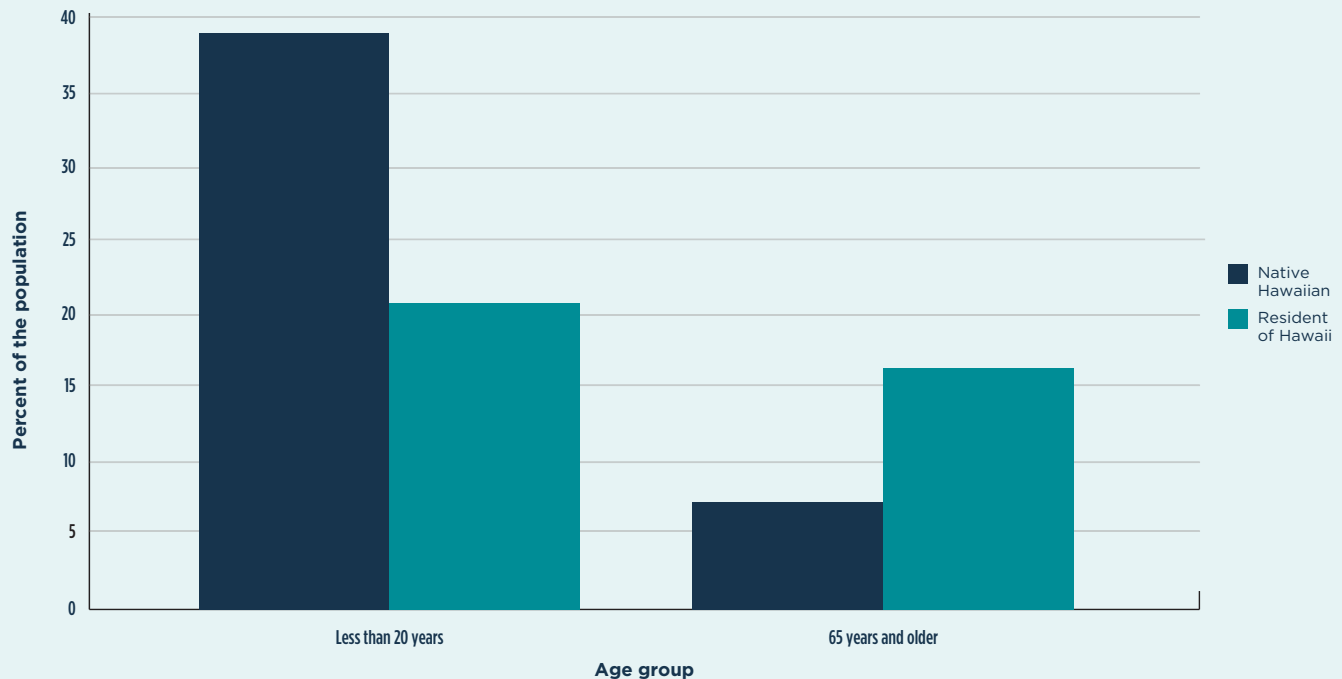
age 20 was 39 percent compared with only 21 percent among the residents of Hawaii population. This pattern was similar across counties: the Native Hawaiian share ranged from 38 percent in Honolulu County to 41 percent in Hawaii and Kauai Counties in 2010, and it was consistently about double the share of residents of Hawaii. Further, this pattern did not change much during the 2000-to-2010 decade. The share of the population that was less than 20 years old declined by similar margins during the decade among Native Hawaiians and residents of Hawaii (3 and 2 percent, respectively), so the difference between the two groups stayed about the same.

In addition, the share of the Native Hawaiian population age 65 and older is much smaller than the share among the residents of Hawaii population. In 2010, 7 percent of Native Hawaiians were 65 or older

compared with 16 percent of residents of Hawaii. This pattern held consistently across counties, with about 7 percent of the Native Hawaiian populations of Hawaii, Kauai, and Maui Counties and about 8 percent of the Native Hawaiian population of Honolulu County falling into this age group compared with 18 percent of the residents of Hawaii populations of Hawaii and Kauai Counties, 16 percent of the residents of Hawaii population in Honolulu County, and 15 percent of the residents of Hawaii population in Maui County. At the state level and across most of the counties, both the Native Hawaiian and residents of Hawaii shares increased about 1 percentage point.

Higher birth rates and shorter life spans among Native Hawaiians residing in Hawaii compared with other residents in Hawaii help to explain this pattern. According to

Exhibit 3.1. Share of Population by Age Group and Native Hawaiian Identification, 2010



Source: U.S. Census Bureau, 2010 decennial census.

the ACS 2006-to-2010 selected population tables, in the United States overall, the birth rate is 56 births per 1,000 women between the ages of 15 and 50. In Hawaii, the rate for the total population is slightly higher, at 59 births. Among Native Hawaiian women in Hawaii, the rate is substantially higher, at 71 births per 1,000 women. Further, although life expectancy for Native Hawaiians has increased by 11.8 years, to 74.3 years, since 1950, it remains 6.2 years less than the life expectancy for the state (Look et al., 2013) and between 4.7 and 11.8 years less than other substantial racial groups in Hawaii, including Caucasians, Chinese, Filipinos, and Japanese (State of Hawaii, 2013: table 2.10). Life expectancies notably have improved for all racial groups over time, but the disparity between Native Hawaiians and other groups has remained consistent in magnitude since the 1950s (Ka'opua et al., 2011).

Household Size

In Hawaii, Native Hawaiian households tend to be larger than other households. In 2010, the average size for Native Hawaiian households was 4.1 persons compared with 2.7 persons for residents of Hawaii households. The average size varied by a small amount among the different counties. The average Native Hawaiian household size ranged from 3.9 persons in Hawaii and Maui Counties to 4.2 persons in Honolulu County, and the residents of Hawaii household size ranged from 2.4 persons in Hawaii County to 2.8 persons in Honolulu County. The average household size stayed consistent during the 2000-to-2010 decade at the state and county levels for both Native Hawaiian and residents of Hawaii households.

Consistent with having larger average household sizes, a greater share of Native Hawaiian households were large households,

defined as having five or more members. In 2010, the share of Native Hawaiian households that were large (27 percent) was almost twice that of residents of Hawaii households (14 percent). The Native Hawaiian share of large households was higher than the residents of Hawaii share in every county. For more information on county-level variation, see appendix A. The change in the shares of large households during the decade was small, with the Native Hawaiian share increasing only 1 percentage point from 2000 to 2010 and the share for residents of Hawaii holding constant.

Household Type

Overall, Native Hawaiian households were more likely to be families with children, both in married couple-headed and single parent-headed households, than were residents of Hawaii households.¹² In 2010, 23 percent of Native Hawaiian households were headed by a married couple and included children under age 18 compared with 20 percent of residents of Hawaii households. Further, 15 percent of Native Hawaiian households were headed by a single parent with children, which is more than twice the rate among other residents of Hawaii households (6 percent). The Native Hawaiian share of both married couple households with children and single-parent households with children is higher than the share for residents of Hawaii households in every county. The shares of both married couple and single-parent households with children have declined during the decade among Native Hawaiian and residents of Hawaii households by similar margins (about 4 percentage points for married couple households with children and about 0.5 to 1 percentage point for single-parent households with children).

During the same period (2000 to 2010), other family household arrangements

12 The U.S. Census Bureau defines a family as a householder and one or more persons related to the householder by birth, marriage, or adoption (<http://www.census.gov/hhes/families/about/>).

became more common among Native Hawaiians and residents of Hawaii. In 2010, Native Hawaiian households had a higher share of households (15 percent) in other family arrangements than residents of Hawaii households (10 percent).¹³ This difference persisted in all four counties analyzed in this report, and the variation among counties was small (the Native Hawaiian household share ranged from 13 to 16 percent, and the residents of Hawaii share ranged from 8 to 11 percent). During the decade, the share of other family households in Hawaii increased for both Native Hawaiian and residents of Hawaii households, but the Native Hawaiian share increased by a slightly larger amount, increasing 2 percentage points from 2000 to 2010 compared with a 1-percentage point increase for residents of Hawaii households.

Educational Attainment

Overall, Native Hawaiians have lower levels of educational attainment than do residents of Hawaii. Although similar shares (about 10 percent) of the Native Hawaiian and residents of Hawaii populations had not received a high school diploma during the 2006-to-2010 period, nearly one-half (44 percent) of the Native Hawaiian population had attained no higher than a high school diploma (or GED) compared with only 26 percent of residents of Hawaii (exhibit 3.2). The Native Hawaiian share that had a high school diploma or GED but no higher education was consistently higher than the share for residents of Hawaii in all four counties. The size of the disparity varied. In Kauai County, the disparity was the smallest (11 percentage points) and, in Maui County, the disparity was the largest (23 percentage points).

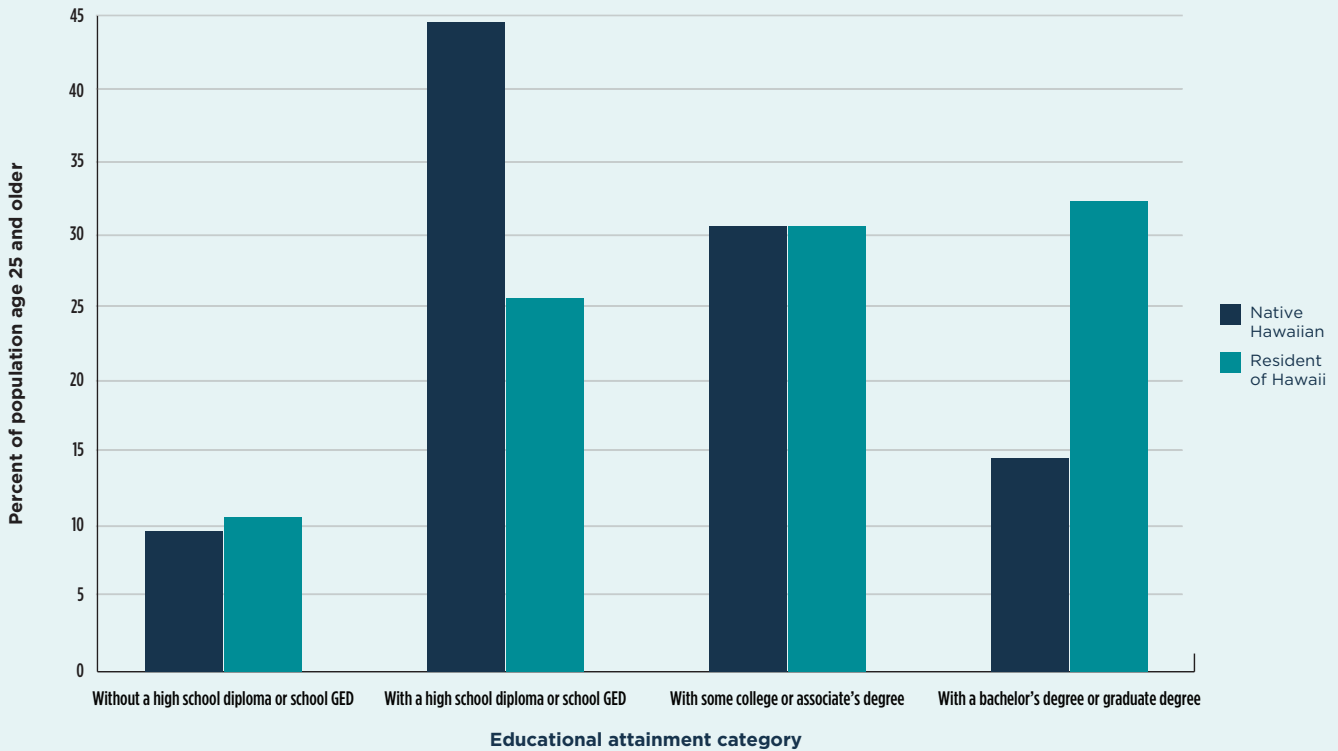
Similar shares of Native Hawaiians and residents of Hawaii completed some college

or an associate's degree (about 31 percent among both groups) in Hawaii during the 2006-to-2010 period, but Native Hawaiians had much lower rates of attainment of a bachelor's or graduate degree. During the 2006-to-2010 period, only 15 percent of Native Hawaiians had at least a bachelor's degree, which is less than one-half the rate (32 percent) for residents of Hawaii. Although variation exists in these shares by county, the disparity persists in all four counties. The Native Hawaiian share was lowest in Maui County, where only 9 percent of Native Hawaiians had at least a bachelor's degree, and was highest in Honolulu County, where the share reached 16 percent. The residents of Hawaii share ranged from 26 percent in Kauai County to 34 percent in Honolulu County.

During the 2000-to-2010 decade, the educational attainment for both groups improved. At the state level, the share of the population without a high school diploma declined about 5 percentage points for both Native Hawaiians and residents of Hawaii. The shares for higher levels of educational attainment (high school diploma, some college, and bachelor's degree or higher) correspondingly increased for both groups. The improvement for Native Hawaiians was more concentrated at the high school diploma and some college levels; the improvement for residents of Hawaii was primarily in the share of the population with at least a bachelor's degree (exhibit 3.3). The Native Hawaiian share of the population with only a high school diploma increased about 1 percentage point, and the residents of Hawaii share stayed about the same during the decade. The Native Hawaiian share with some college or an associate's degree increased about 2 percentage points, and the residents of Hawaii share increased only 1 percentage point. By contrast, the Native

¹³ The "other family" category is defined by the U.S. Census Bureau as male- or female-headed family households without children under age 18 (Pettit et al., 2014).

Exhibit 3.2. Educational Attainment by Native Hawaiian Identification in the State of Hawaii, 2006 to 2010



GED = general educational development.
 Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-year estimates, selected population tables

Hawaiian share with a bachelor’s or graduate degree increased about 2 percentage points, and the residents of Hawaii share increased 4 percentage points.

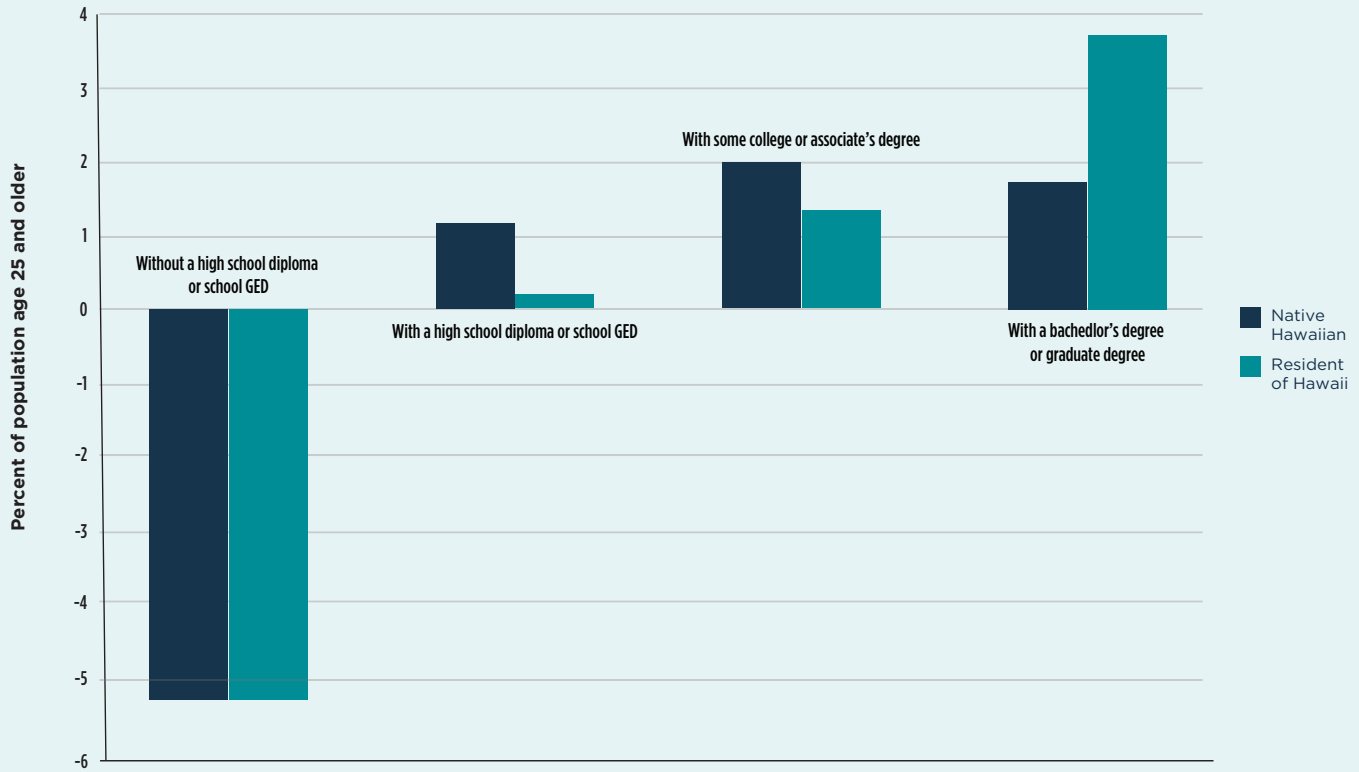
This general trend was observed in three of the four counties included in this analysis, with Kauai County being the exception. There, the residents of Hawaii population followed the general trend observed at the state level (described previously). The Native Hawaiian population exhibited a different pattern of change during the decade. The share without a high school diploma declined only 1 percentage point, and the share with a high school diploma but no higher education declined 6 percentage

points. The corresponding improvement at the other levels was primarily in the share of Native Hawaiians with some college or an associate’s degree. That share increased 5 percentage points, but the share with a bachelor’s or graduate degree increased only 1 percentage point.

Labor Force Characteristics

This subsection examines several indicators related to employment. The state of Hawaii is compared with the United States overall to identify ways in which Hawaii is unique, and the Native Hawaiian population in Hawaii is compared with the other residents of Hawaii population. The analysis specifically considers the following indicators.

Exhibit 3.3. Percent Change in Share by Educational Attainment Level and Native Hawaiian Identification, 2000 and 2006 to 2010



GED = general educational development.
 Source: U.S. Census Bureau, 2006-2010 American Community Survey 5-year estimates, selected population tables

- **Labor force participation rate:** the share of the population age 16 and older in the labor force that was either working or looking for work in either civilian jobs or in the military.
- **Civilian labor force participation rate:** the share of the population age 16 and older in the civilian labor force that was either working or looking for work.
- **Employment rate:** the percentage of population age 16 and older that was employed in civilian jobs.
- **Unemployment rate:** the share of the civilian labor force that was unemployed.
- **Military participation rate:** the share of the population age 16 and older in the military.

Comparing Hawaii With the United States

The labor force characteristics of the state of Hawaii differ from those of the United States as a whole in a few ways. The civilian labor force participation rate in Hawaii (63 percent) was slightly less than the national rate of 65 percent during the 2006-to-2010 period. The employment rates for the United States and Hawaii were about the same, both around 59.5 percent, but the unemployment rate for Hawaii (6 percent) was less than the U.S. rate (8 percent). The most significant difference is that Hawaii has a large military presence, with each branch of the military having military bases in the state (<http://militarybases.com/hawaii/>). In Hawaii, about 4 percent of the

population age 16 and older is in the Armed Forces, about 8 times the 0.5-percent rate for the United States as a whole.

Comparing Within Hawaii

When the labor force characteristics of the Native Hawaiian population in Hawaii were compared with those of the residents of Hawaii population, the analysis showed that Native Hawaiians had higher labor force participation and employment rates but that they also had higher unemployment rates and were more concentrated in low-paid service jobs than were residents of Hawaii.¹⁴

The remainder of this subsection explores each of these trends in turn.

First, the Native Hawaiian population participated in the labor force (including civilian and military) at higher rates than the residents of Hawaii population: 69 percent of Native Hawaiians age 16 and older were in the labor force compared with 67 percent of residents of Hawaii (exhibit 3.4). Although the Native Hawaiian rate was higher in every county, the size of the difference between the two populations during the decade varied by county. In Honolulu County, the disparity was the smallest, at about 1 percentage point. In Hawaii County, the disparity was the largest,

at about 7 percentage points. The share for both groups increased about 3 percentage points for Native Hawaiians and 2 percentage points for residents of Hawaii.

Military participation accounted for a much larger share of the residents of Hawaii labor force participation than it did of the Native Hawaiians' labor force participation. During the 2006-to-2010 period, less than 1 percent of Native Hawaiians residing in Hawaii were in the military compared with 4 percent of residents of Hawaii. Military participation was overwhelmingly concentrated in Honolulu County, the home of most of the military installations in the state (<http://militarybases.com/hawaii/>). In Honolulu County, 1 percent of Native Hawaiians and 6 percent of residents of Hawaii were in the Armed Forces. In the other three counties, the Native Hawaiian rate was 0.2 percent and the residents of Hawaii rate ranged from 0.1 percent in Hawaii County to 0.4 percent in Kauai County. During the 2000-to-2010 decade, military participation for residents of Hawaii decreased about 1 percentage point, from 5 percent in 2000, but the share of Native Hawaiians in the military stayed about the same.

By contrast, Native Hawaiians residing in Hawaii had much higher rates of participation in the

¹⁴ The labor force participation rate includes both employed and unemployed workers. To be classified as unemployed, however, one must either be not working and seeking employment or laid off from a previous job and waiting to return.

Exhibit 3.4. Labor Force Characteristics for the State of Hawaii, by Native Hawaiian Identification, 2000 and 2006 to 2010

	2006-to-2010 Rates		Percent Change From 2000	
	Native Hawaiian	Resident of Hawaii	Native Hawaiian	Resident of Hawaii
Percent of population age 16 and older				
In labor force	68.7	66.5	2.8	2.2
In civilian labor force	68.1	62.1	2.6	2.7
Unemployment rate	9.1	4.8	-0.7	-0.6
Employment rate	61.9	59.1	2.8	3
In military	0.6	4.4	0.2	-0.5

Sources: U.S. Census Bureau, decennial census 2000; U.S. Census Bureau, 2006–2010 American Community Survey 5-year estimates, selected population tables

civilian labor force. During the 2006-to-2010 period, the Native Hawaiian rate of 68 percent substantially exceeded the 62-percent rate for residents of Hawaii. The Native Hawaiian rate was higher than the residents of Hawaii rate in every county, but variation existed. The civilian labor force participation rate was lowest for Native Hawaiians and residents of Hawaii in Honolulu County, where the rates were 67 and 61 percent, respectively. The rates were highest in Maui County, where the Native Hawaiian rate was 72 percent and the residents of Hawaii rate was 70 percent. During the 2000-to-2010 decade, the civilian labor force participation rate increased for both groups. In 2000, the rates were 65 percent for Native Hawaiians and 59 percent for residents of Hawaii. Because the rates improved by similar amounts for both groups, the size of the difference between them has held constant at about 6 percent during the decade.

Native Hawaiians also had a higher employment rate than did residents of Hawaii. About 62 percent of Native Hawaiians were employed during the 2006-to-2010 period; the rate for residents of Hawaii was about 59 percent. This trend held in three of the four counties, with Maui County being the exception. The employment rates for both groups increased about 3 percentage points during the 2000-to-2010 decade. In 2000, the employment rate was 59 percent for Native Hawaiians and 56 percent for residents of Hawaii.

The Native Hawaiian population also had a much higher unemployment rate than did the residents of Hawaii population. During the 2006-to-2010 period, the Native Hawaiian unemployment rate was 9 percent, nearly twice the 5-percent rate for residents of Hawaii. The Native Hawaiian unemployment rate varied appreciably by county. It was lowest in Honolulu County, at 7 percent, and highest in Maui County, at 12 percent. The unemployment rate for residents of Hawaii was

also lowest in Honolulu County, at 4 percent, but was highest in Hawaii County, at 7 percent. During the 2000-to-2010 decade, both rates at the state level declined about 1 percentage point, from 10 percent for Native Hawaiians and 6 percent for residents of Hawaii in 2000.

The higher unemployment for Native Hawaiians may be related to the industries in which they tended to be employed. During the 2006-to-2010 period, the highest concentrations of Native Hawaiians were employed in four industries: (1) construction; (2) retail services; (3) educational services, health care, and social assistance; and (4) the arts, entertainment, recreation, accommodation, and food services industries. These four industries, which accounted for approximately 60 percent of Native Hawaiian employment in Hawaii, are vulnerable to shifts in the economy that can affect local consumption of goods and services, tourist volume, and infrastructure development. The seasonal nature of tourism may make Native Hawaiians particularly susceptible to periodic unemployment. Although the significant military presence in the state and Honolulu County in particular provides some ongoing level of demand for goods and services (Hosek, Litovitz, and Resnick, 2011), Native Hawaiians are less likely than the residents of Hawaii to participate in the military, which is less responsive to economic shifts.

Income and Poverty

In general, Native Hawaiians residing in Hawaii had (1) lower incomes, (2) higher rates of receipt for means-tested assistance programs, and (3) higher poverty rates than did residents of Hawaii. This subsection first provides context for income levels in Hawaii by comparing Hawaii with the United States overall, and then analyzes the differences between Native Hawaiians and residents of Hawaii in terms of income, receipt of assistance, and poverty.

Comparing Hawaii With the United States

Household incomes in Hawaii, in general, were higher than in the United States. During the 2006-to-2010 period, the median income for all households in the state of Hawaii was about \$66,400 per year, about \$14,500 higher than the median income for all households in the United States (\$51,900). Although this difference may seem to indicate a higher level of economic prosperity in Hawaii, it does not account for the higher cost of living in Hawaii. The cost of living, as reported in table 728, Cost of Living Index—Selected Urban Areas (U.S. Census Bureau, 2012), placed Honolulu, Hawaii as the third highest in the country, at 1.7 times the national average, which was exceeded by only Brooklyn and Manhattan in New York.¹⁵

Comparing Within Hawaii

Within Hawaii, Native Hawaiians had a lower median income than all households. The median income for Native Hawaiian households was about \$62,900 during the 2006-to-2010 period compared with about \$66,400 for all households in Hawaii. In every county, the Native Hawaiian median household income was less than the median for all households. The size of the disparity varied by county, from only \$1,000 in Hawaii County to \$11,000 in Maui County.

Further, Native Hawaiian households in Hawaii accessed means-tested assistance programs at higher rates than did residents of Hawaii households. For example, during the 2006-to-2010 period, 7 percent of

Native Hawaiian households received some form of public cash assistance income (for example, through the federal Temporary Assistance for Needy Families program or the State of Hawaii Department of Human Services General Assistance program), which was more than twice the 3-percent rate for residents of Hawaii households. Native Hawaiian households also had higher rates of receiving benefits from the federal Supplemental Nutrition Assistance Program (SNAP) during this period: 15 percent of Native Hawaiian households received SNAP benefits compared with 6 percent of residents of Hawaii households.

In addition to having lower incomes and higher rates of assistance receipt, Native Hawaiians tended to have higher poverty rates compared with residents of Hawaii.¹⁶ During the 2006-to-2010 period, the poverty rate among Native Hawaiians residing in Hawaii was 12 percent, and the rate among residents of Hawaii was 9 percent. This general trend held in three of the four counties, with Kauai County being the exception. There, the poverty rate for residents of Hawaii (9 percent) exceeded the Native Hawaiian rate (8 percent) by a small margin.

Although the poverty rate for Native Hawaiians tended to be higher than the rate for residents of Hawaii, the extent of the disparity closed during the decade. From 2000 to the 2006-to-2010 period, the poverty rate among residents of Hawaii held constant, at about 9 percent. The Native Hawaiian poverty rate declined 4 percentage points from 16 percent in 2000, which closed some of the gap between the two groups on this measure.

¹⁵ The Cost of Living (COL) Index measures relative price levels for consumer goods and services in selected locations across the country. The goods and services captured in the index include grocery items, housing, utilities, transportation, health care, and miscellaneous goods and services. The score or index for each locale is the percentage of the national average for that category of goods and services or all goods and services as a composite. In 2010, Honolulu's COL was 166 percent of the national average. For comparison, COLs in other urban areas are 164 percent in San Francisco, California; 128 percent in Anchorage, Alaska; 113 percent in Chapel Hill, North Carolina; 101 percent in Cleveland, Ohio; and 87 percent in Indianapolis, Indiana. In 2010, only two locations in the index had a higher COL than Honolulu: Brooklyn, New York (182 percent) and Manhattan, New York (217 percent) (U.S. Census Bureau, 2011: table 728).

¹⁶ The Census Bureau uses money income thresholds to determine poverty. These thresholds are based on family size and composition and are not adjusted for local cost-of-living variation. They are not based on individual income, and all members of a family are assigned to the same threshold regardless of their personal income. Thresholds are updated for inflation by using the Consumer Price Index.

How the Native Hawaiian Population Fared in the Great Recession

So far, the analysis has compared the conditions of Native Hawaiians with those of residents of Hawaii from 2000 to 2010 or from 2006 to 2010, but it has not addressed the impact of the Great Recession on Native Hawaiians. This subsection uses ACS 1-year estimates from 2008 and 2011 to examine how the Great Recession affected the Native Hawaiian population living in Hawaii by examining five indicators: (1) the employment rate, (2) the unemployment rate, (3) the rate of cash public assistance receipt, (4) the rate of SNAP benefit receipt, and (5) the poverty rate. For the first four indicators, the conditions of the Native Hawaiian population were compared with that of the residents of Hawaii population. For poverty rate, however, the Native Hawaiian rate was compared with that of the total population of Hawaii because the data needed to calculate residents of Hawaii rates were unavailable.¹⁷ Across all these indicators, the analysis found greater impacts of the Great Recession on Native Hawaiians (exhibit 3.5).

The employment rate for Native Hawaiians in 2008 was about 65 percent and for residents of Hawaii was about 60 percent. From 2008

to 2011, the Native Hawaiian employment rate dropped 7 percentage points, but the residents of Hawaii rate decreased only 3 percentage points. Because the Native Hawaiian employment rate declined more than the rate for residents of Hawaii, much of the Native Hawaiian population’s previous advantage on this indicator was eroded. By 2011, the employment rate for Native Hawaiians was 58 percent and for residents of Hawaii it was 57 percent.

The Native Hawaiian unemployment rate also increased appreciably during the Great Recession. In 2008, the Native Hawaiian population already had an unemployment rate (6 percent) that was higher than that of residents of Hawaii (4 percent), and the Great Recession’s impact on unemployment was more severe among Native Hawaiians than residents of Hawaii. The Native Hawaiian unemployment rate more than doubled, reaching 13 percent in 2011. The residents of Hawaii rate increased as well, but it increased only 3 percentage points, to 7 percent in 2011.

The disparities in cash public assistance receipt between the Native Hawaiian population and the residents of Hawaii population also increased during the course

17 The U.S. Census Bureau provides the poverty rates for Native Hawaiians in Hawaii, but it does not provide the raw counts, so it was not possible to tabulate the statistics for the non-Native Hawaiian population (termed in this report “residents of Hawaii”).

Exhibit 3.5. Economic Indicators for Native Hawaiians and Residents of Hawaii, 2008 and 2011

	2008			2011		
	Native Hawaiian	Resident of Hawaii	Difference	Native Hawaiian	Resident of Hawaii	Difference
Employment rate	65.3	59.8	5.5	58.2	56.9	1.3
Unemployment rate	5.6	3.7	1.9	12.7	6.5	6.2
Percent with cash public assistance income	6.4	2.6	3.8	9.7	3.3	6.4
Percent with SNAP benefits	14.6	6.0	8.6	22.8	8.7	14.1

SNAP = Supplemental Nutrition Assistance Program.

Sources: U.S. Census Bureau, 2008 and 2011 American Community Survey 1-year estimates

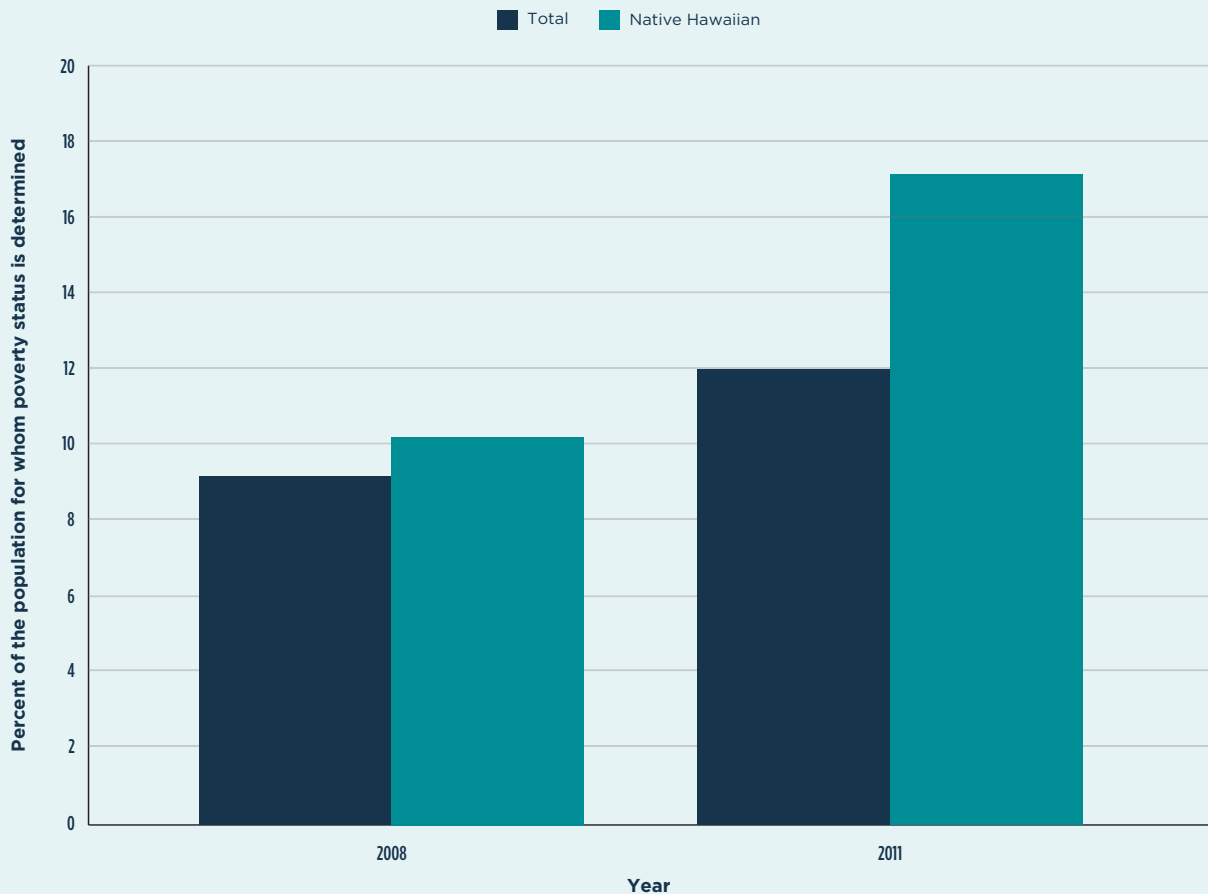
of the Great Recession. In 2008, about 6 percent of Native Hawaiians received cash public assistance income compared with only 3 percent of residents of Hawaii. Between 2008 and 2011, the Native Hawaiian rate increased to 10 percent, but the rate for residents of Hawaii stayed about the same.

In 2008, about 15 percent of Native Hawaiians received SNAP benefits, but only 6 percent of residents of Hawaii did. By 2011, 23 percent of Native Hawaiians were receiving SNAP (an 8 percentage point increase), but the rate for residents of Hawaii

increased only 3 percentage points, to 9 percent, substantially increasing the gap between the two groups on this measure.

In 2008, the Native Hawaiian poverty rate (10 percent) was slightly higher than the rate for the total population of the state of Hawaii (9 percent) (exhibit 3.6). Between 2008 and 2011, however, the Native Hawaiian poverty rate rose 7 percentage points to reach 17 percent in 2011. By contrast, the total population rate rose only 3 percentage points to reach 12 percent in 2011.

Exhibit 3.6. Poverty Rate for Total and Native Hawaiian Populations, 2008 to 2011



Sources: U.S. Census Bureau, 2008 and 2011 American Community Survey 1-year estimates

Section 4. Housing Conditions and Needs

Using U.S. Census Bureau data sources and information gleaned from interviews with stakeholders in Hawaii, this section describes the housing market, including the types, age, size, and values of housing in Hawaii in comparison with the market in the United States as a whole and compares housing information for Native Hawaiians and residents of Hawaii. The analysis looks at selected indicators of housing problems and needs, including overcrowding, affordability, and kitchen and plumbing facilities problems. In addition, the results from 2000 and 2010 were compared with those from 1990 reported in Mikelsons et al. (1995). The data presented for Native Hawaiians in this section include all respondents in Hawaii who self-identified as Native Hawaiian in the census, including Native Hawaiians residing on the Hawaiian home lands. Section 5 presents data pertaining specifically to housing needs and conditions on the Hawaiian home lands.

Key Findings

Key findings from this section include—

- Housing stock growth in Hawaii was similar to the rate of growth in the United States overall. Within the state, Honolulu County saw the least new development, reflecting the State's development priorities in the other counties.
- Vacancies in Hawaii were dominated by vacation homes (that is, units for seasonal, recreational, or occasional use). Vacancy rates among units available for permanent residences in Hawaii were similar to rates in the United States overall for homeowner units and were lower for rental units, suggesting a tighter housing market.
- Native Hawaiian households were more likely to live in older housing and more likely to live in single-family detached homes than were residents of Hawaii households.
- The Native Hawaiian rate of homeownership lagged behind the rate for residents of Hawaii, despite a preference for homeownership over renting among Native Hawaiians. Further, when Native Hawaiians owned homes, those homes tended to be valued at less than homes owned by residents of Hawaii, both at the state level and within every county.
- Native Hawaiian households faced higher rates of facilities problems compared with residents of Hawaii households, as evidenced by their higher rates of incomplete plumbing and incomplete kitchens. Native Hawaiians also experienced higher rates of overcrowding, but they had slightly lower rates of affordability problems.
- Affordability challenges were more acute in Hawaii than in the United States overall, with the percentage of households that were cost burdened among both Native Hawaiian and residents of Hawaii populations (40 and 42 percent, respectively) surpassing the national cost burden rate of 36 percent. Despite the slightly lower rate among Native Hawaiians, stakeholders from a range of organizations noted the importance of the affordability problem among Native Hawaiians and indicated that they cope with this challenge through extended-family living or overcrowding, taking on additional jobs, or moving to less expensive areas farther from employment.

- Homelessness among Native Hawaiians was a significant problem. Although they were not frequently chronically homeless, Native Hawaiians who were homeless were often working but could not afford housing. They ended up doubled up or living in tents, shelters, cars, or garages, and they were disproportionately represented among the homeless population.

Housing Stock

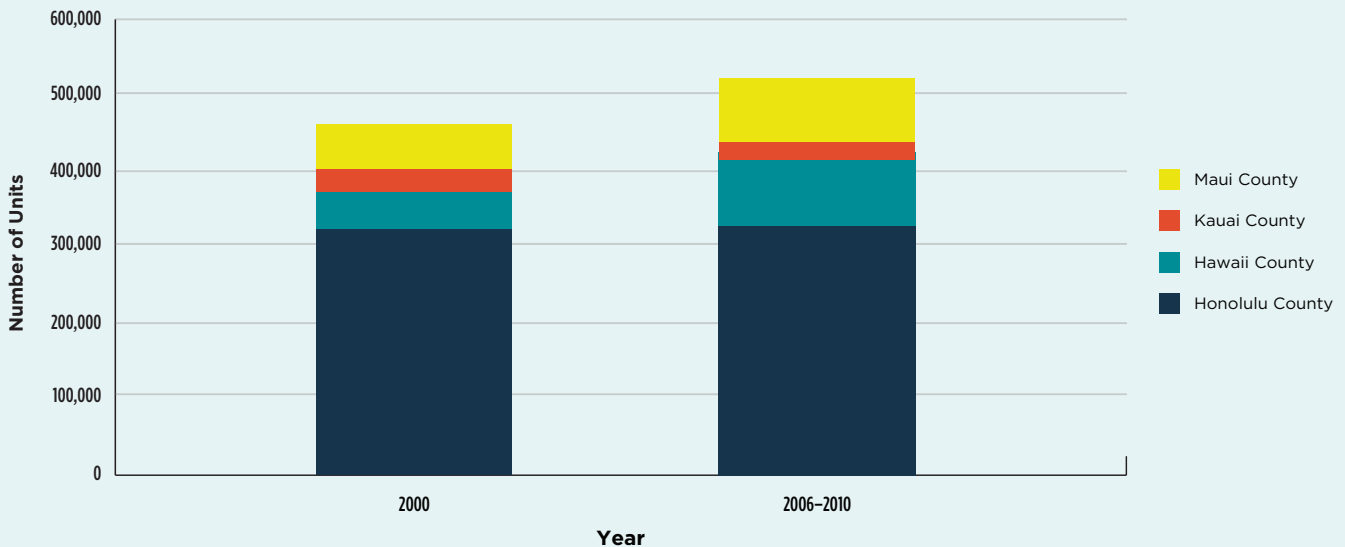
The housing stock in Hawaii includes a variety of types, such as single-family detached homes, townhouses, and multifamily housing such as apartments. Some housing is built with the intention of serving as vacation or investment property, including short-term rentals such as condotels and fractionals, but other housing is built to serve as a principal residence for year-round use.¹⁸ Location often affects

the intended purpose of the housing stock. Housing on the coast or near other resort-type areas tends to cater to the short-term rental and vacation home market. Primary residences predominate in the inland areas. Size and style may reflect the intended purposes (for example, studio apartments intended for short-term rentals in a high-rise condominium-style building versus four-bedroom, single-family homes with full kitchens and storage space).

The total number of housing units in Hawaii increased 13 percent from 465,000 in 2000 to 520,000 in 2010 (exhibit 4.1). This increase is similar to the rate of housing stock growth in the United States overall (14 percent). The most growth occurred in Hawaii County, and the least growth occurred in Honolulu County. The low rate of growth in Honolulu County reflects the State’s emphasis on increasing development on islands other than Oahu (Mikelsons et al., 1995).

18 Condotels are privately owned properties, generally small units (up to three bedrooms) built in multifamily style that share common amenities and a third-party management firm that offers, for a fee, services for the property in the manner of a hotel (for example, facilitating short-term rentals, housekeeping, maintenance). Major hotel brands have all entered the condotel market. Villas and other free-standing residences in the same arrangement are often called “fractionals” (Bradley-Hole, 2007). Sources: U.S. Census Bureau, decennial census 2000 and 2006–2010 American Community Survey 5-Year Estimates, Selected Population Tables

Exhibit 4.1. Housing Stock in the State of Hawaii by County, 2000 and 2006 to 2010



Sources: U.S. Census Bureau, decennial census 2000 and 2006–2010 American Community Survey 5-Year Estimates, Selected Population Tables

Vacancy Rate

Hawaii had a slightly higher rate of vacant units overall than did the United States, a situation that was largely driven by vacancies in seasonal or vacation homes. Vacancy rates for permanent residences in Hawaii were lower than in the United States overall, suggesting a tighter housing market in Hawaii. In 2010, 12 percent of all housing units in Hawaii were vacant compared with 11 percent of all units in the United States.¹⁹ Nearly one-half of the vacancies in Hawaii (47 percent) were seasonal, recreational, or occasional-use properties. When accounting only for units that were vacant and for rent or for sale, the vacancy rate among homeowner properties in Hawaii was 2 percent, and the rental vacancy rate was 8 percent. The homeowner vacancy rate in Hawaii was about the same as the rate in the United States, and the rental rate in Hawaii was 1 percentage point lower than the rate (9 percent) in the United States. The overall, homeowner, and rental vacancy rates in Hawaii did not change appreciably during the 2000-to-2010 decade.

At the county level, the share of units that were vacant varied considerably, but much of the variation was because of vacation home vacancies. In Honolulu County, only 8 percent of all units were vacant, but, in the remaining counties, these shares were much higher (12 percent in Hawaii County, 22 percent in Kauai County, and 23 percent in Maui County). In Kauai and Maui Counties, more than one-half (60 and 64 percent, respectively) of the vacant units were for seasonal, recreational, or occasional use. Although the shares of vacation vacancies were lower in Hawaii and Honolulu Counties, they were still appreciable (47 and 34 percent, respectively).

Considering only nonvacation properties for sale or for rent, the county-level homeowner

and rental vacancy rates varied less. Across all counties, the homeowner vacancy rate in 2010 ranged from a low of only 1 percent in Honolulu County to a high of 3 percent in Hawaii County. The rate in Kauai and Maui Counties was 2 percent. The rental vacancy rate varied somewhat more. Honolulu County also had the lowest rental vacancy rate (6 percent). The rental vacancy rate in Hawaii and Kauai Counties was 12 percent and in Maui County it was 13 percent.

The number of housing units and vacancies cannot be used alone as indicators of housing availability and need. Many factors affect the appropriateness and usability of the existing housing stock to the local population, including location and accessibility, size, quality, type, and affordability. The discussion that follows sheds light on some of these factors.

Homeownership

The state of Hawaii has much lower homeownership rates than does the United States overall. In 2010, Hawaii's homeownership rate was 58 percent compared with 65 percent for the United States as a whole. In that year, Hawaii had the fourth lowest homeownership rate of any state or territory, after the District of Columbia (42 percent), New York (53 percent), and California (56 percent). Homeownership is increasing slightly in Hawaii, but it is decreasing nationwide. Between 2000 and 2010, the homeownership rate in the United States declined about 1 percentage point, and the homeownership rate in Hawaii increased about 1 percentage point.

The homeownership rate among Native Hawaiians in Hawaii was lower than for the state overall. In 2010, 55 percent of Native

¹⁹ In census data, housing units are considered vacant if they are habitable but unoccupied. The U.S. Census Bureau identified such units on April 1, 2010, and then confirmed they were vacant in July and August 2010 (<https://www.census.gov/prod/cen2010/briefs/c2010br-07.pdf>).

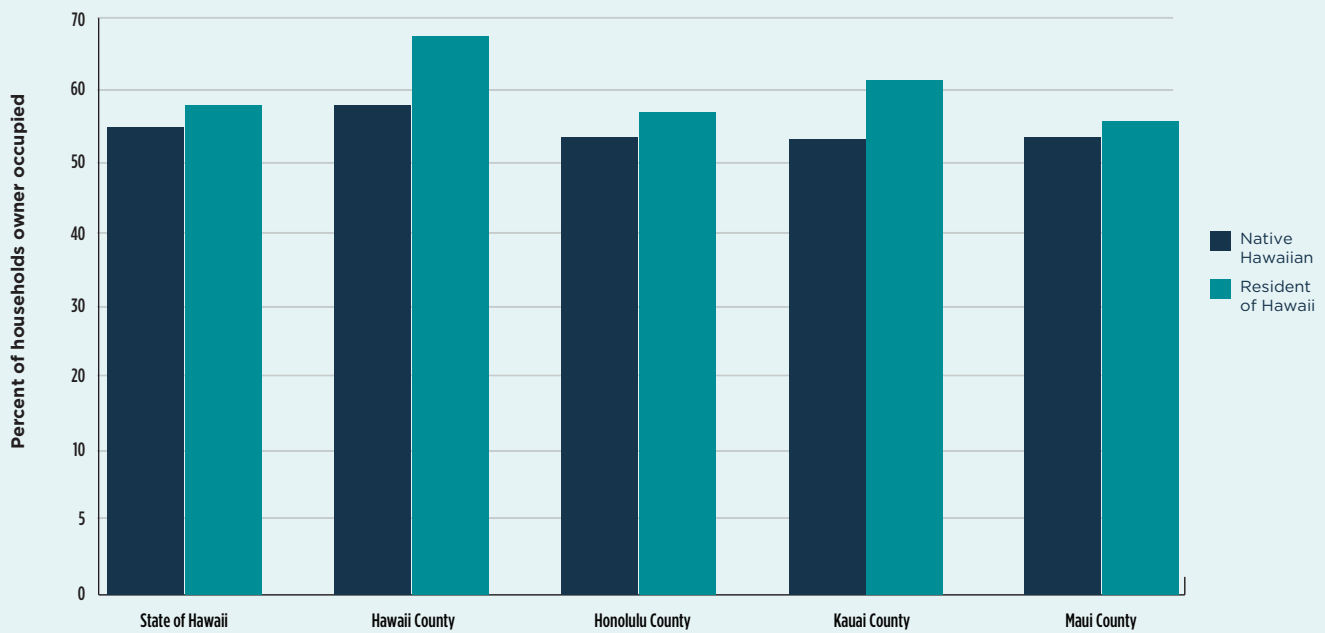
Hawaiian households were homeowners compared with the overall 58-percent rate. The Native Hawaiian homeownership rate did not vary appreciably by county: it was about 58 percent in Hawaii County and about 54 percent in the other three counties. During the 2000-to-2010 decade, the homeownership rate decreased in both Kauai and Maui Counties (0.3 and 2 percentage points, respectively), indicating a shift toward rental in these areas. The homeownership rate for Hawaii and Honolulu Counties, however, increased 3 and 2 percentage points, respectively.

Homeownership rates were lower for Native Hawaiians than for residents of Hawaii in all counties (exhibit 4.2). The disparity was largest in Hawaii County, where the homeownership rate for Native Hawaiians was 10 percentage points lower than for

residents of Hawaii (58 percent for Native Hawaiians compared with 68 percent for residents of Hawaii).

It is notable that Native Hawaiian homeownership rates remained low despite a general preference for homeownership over renting. Stakeholder interviews suggested that Native Hawaiians prefer owning to renting partly because of the perception that an owner has fewer rules and regulations to follow than does a renter. Stakeholders indicated that access to mortgage financing due to insufficient income, bad credit, and limited savings for a downpayment prevents Native Hawaiians from becoming homeowners. Stakeholders also noted that the main factors driving delinquency among this population were the loss of steady income, taking on subsequent consumer debt, and the high cost of living in Hawaii.

Exhibit 4.2. Homeownership Rates for Native Hawaiians and Residents of Hawaii, by County, 2010



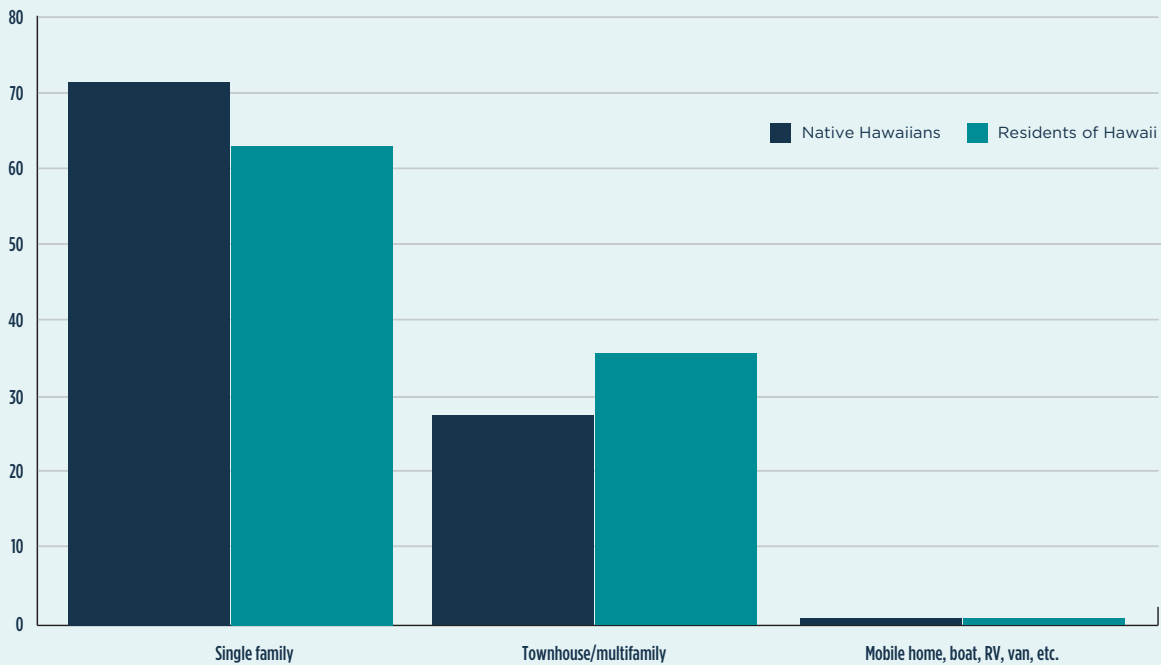
Source: U.S. Census Bureau, decennial census 2010

Housing Structure Type

Households in Hawaii overall were more likely to live in townhouses or multifamily dwellings than in single-family detached homes and other housing types (for example, mobile homes, recreational vehicles, boats) than were households in the United States as a whole. During the 2006-to-2010 period, 36 percent of households in Hawaii lived in townhouses or multifamily dwellings compared with only 25 percent of households nationwide. Further, only 63 percent of households in Hawaii lived in single-family detached homes and less than 1 percent lived in other housing types compared with 69 and 6 percent, respectively, in the United States overall.

Within Hawaii, Native Hawaiians were more likely to live in single-family detached homes and less likely to live in townhouses or multifamily housing than were residents of Hawaii (exhibit 4.3). During the 2006-to-2010 period, 71 percent of Native Hawaiian households lived in single-family detached homes compared with 63 percent of residents of Hawaii households. Further, although 29 percent of Native Hawaiian households lived in townhouses or multifamily housing, 37 percent of residents of Hawaii households did so during the same period. Both groups lived in other housing at equally low rates of 0.2 percent. During the decade, the distribution of Native Hawaiian households and residents of Hawaii households among these three housing types stayed about the same.

Exhibit 4.3. Percent of Units by Housing Structure Type, Native Hawaiians and Residents of Hawaii, 2006 to 2010



Notes: Native Hawaiian Population includes Native Hawaiian alone or multiracial.
 Source: U.S. Census Bureau, 2006-2010 American Community Survey Selected Population Tables

At the county level, Honolulu County stood out from the other three counties. The share of Native Hawaiian households in single-family detached homes in Honolulu County was the lowest (64 percent), and the share in townhouses or multifamily housing was highest (36 percent). Although the share in single-family homes was still higher than the share for residents of Hawaii households in the county (56 percent), it was much lower than the Native Hawaiian share in the other counties. In the remaining counties, more than 80 percent of Native Hawaiian households were in single-family detached homes. This difference likely reflects the urbanization and development in Honolulu County.

Housing Age and Size

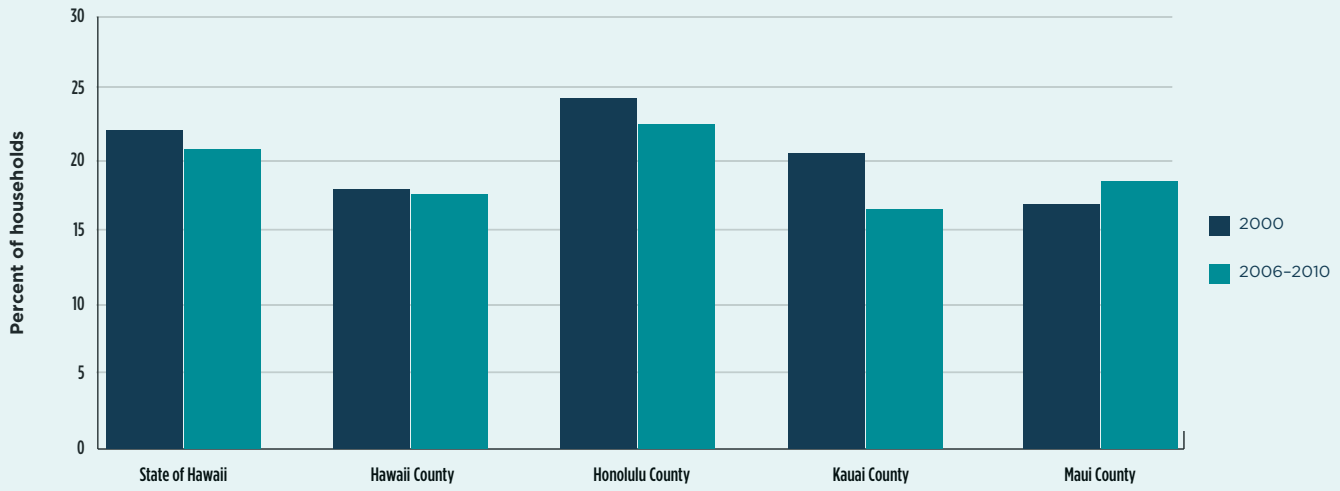
The housing stock in Hawaii overall is newer and smaller than the stock nationwide. During the 2006-to-2010 period, 81 percent of occupied housing units in Hawaii were built after 1960 compared with 69 percent of occupied housing units in the United States overall. During the same period, only 35 percent of housing units in Hawaii had six or more rooms, but 52 percent of units in the United States did. Further, although only 4 percent of units in the United States had two or fewer rooms, 10 percent of units in Hawaii were that size.

Within Hawaii, Native Hawaiian households tended to live in older homes at slightly higher rates than did residents of Hawaii households (exhibit 4.4). During the 2006-to-2010 period, 21 percent of Native Hawaiian households lived in units built before 1960 compared with 19 percent of residents of Hawaii households. This disparity grew during the decade: the share of Native Hawaiians in these units declined about 1 percentage point, but the share for residents of Hawaii households dropped

3 percentage points. Mikelsons et al. (1995) found that, in 1990, Native Hawaiian households residing in Hawaii were more likely to live in older, larger homes than were non-Native Hawaiians, especially in rural areas, and especially among homeowners.²⁰ In every county, the Native Hawaiian share living in older homes exceeded the residents of Hawaii share, but usually the difference was small (1 or 2 percentage points). Maui County was the exception, however; there, the disparity was larger, at 6 percentage points. The housing stock in Honolulu County appeared to be the oldest, with the largest shares of Native Hawaiian and residents of Hawaii households living in pre-1960 units (23 and 20 percent, respectively).

Compared with residents of Hawaii, Native Hawaiians were less likely to live in very small units (two or fewer rooms) or large units (six or more rooms). During the 2006-to-2010 period, about 8 percent of Native Hawaiian households lived in units with two or fewer rooms compared with about 10 percent among residents of Hawaii households. A smaller share of Native Hawaiian households (33 percent) lived in units with six or more rooms than residents of Hawaii households (36 percent). The remainder, the majority of both groups, lived in three- to five-room units (58 percent for Native Hawaiians and 54 percent for residents of Hawaii). This trend held in all four counties. During the decade, a large decline occurred in the share of households in units with two or fewer rooms for both groups. The Native Hawaiian share declined 10 percentage points, and the residents of Hawaii share declined 8 percentage points. The shares in units with three to five rooms and units with six or more rooms each increased 5 percentage points for Native Hawaiians and 4 percentage points for residents of Hawaii.

²⁰ Mikelsons et al. (1995), Section 4, "Housing Characteristics in 1990," subsections "Age of Housing" and "Number of Units in Structure" and Table 4.2: Age of Housing Native Hawaiians and Non-Natives 1990.

Exhibit 4.4. Percent of Native Hawaiian Households Living in Units Built Before 1960, 2000 and 2006 to 2010

Sources: U.S. Census Bureau, decennial census 2000; U.S. Census Bureau, 2006–2010 American Community Survey 5-year estimates

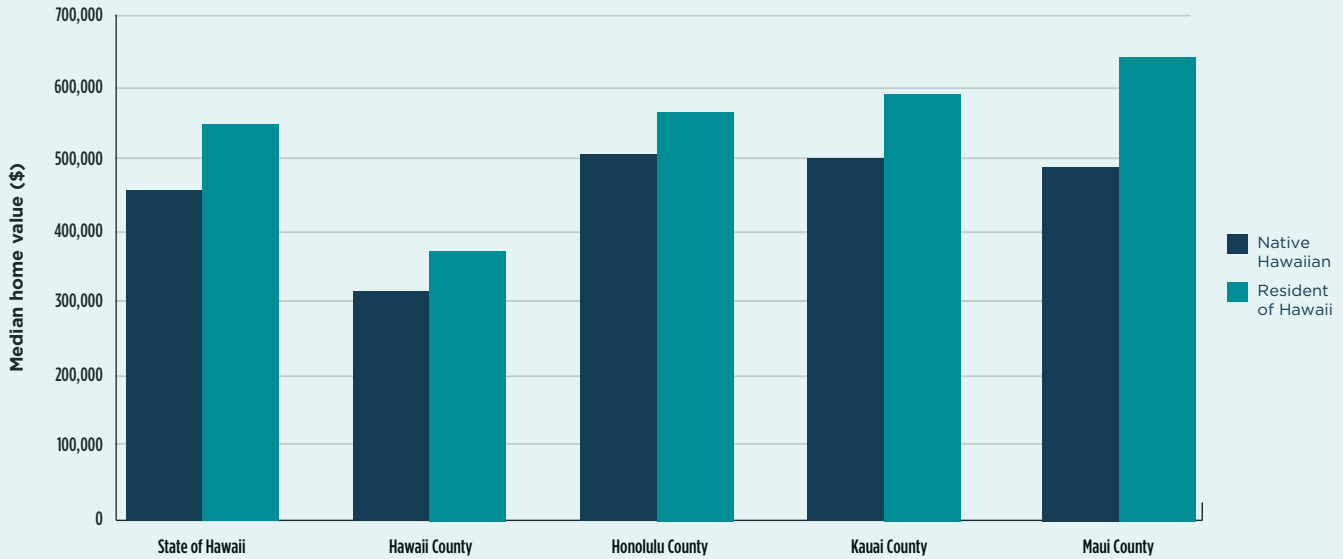
Housing Values and Rents

Housing prices in Hawaii are among the highest in the nation. Although the median home value nationwide was \$188,400 during the 2006-to-2010 period, the median home value in Hawaii was nearly three times that amount (\$537,400). Further, the median gross rent nationwide was \$841, but, in Hawaii, it was about 1.5 times that amount (\$1,260). Within the state, the median home value for all households ranged considerably by county. It was lowest in Hawaii County, at \$361,400, and highest in Maui County, at \$614,600. Honolulu and Kauai Counties fell in between, with median values of \$559,000 and \$583,200, respectively, for all households. Median gross rent, however, varied much less: it was around \$1,100 in Hawaii County, \$1,200 in Kauai County, and \$1,300 in Honolulu and Maui Counties.

The housing units occupied by Native Hawaiian households tended to have lower values and rents and exhibited a different pattern at the county level. During the 2006-to-2010 period, the median home

value at the state level for Native Hawaiian households was \$463,800, nearly \$75,000 less than the median for all households. Median gross rent for Native Hawaiian households was \$1,084, nearly \$200 less than the median for all households. Gross rent varied by a small margin at the county level, from around \$900 in Hawaii County to \$1,200 in Maui County.

The median home value for Native Hawaiian households varied more appreciably by county, with three counties having roughly similar median home values and one (Hawaii County) having much lower values (exhibit 4.5). For Native Hawaiian households, the median home value was highest in Honolulu County (\$508,400), with Kauai and Maui Counties following close behind, at \$499,100 and \$492,000, respectively. The median home value for Native Hawaiian households in Hawaii County was \$320,300, nearly \$200,000 less than the median value in Honolulu County. Stakeholders in Hawaii confirmed this affordability landscape for Native Hawaiians, though they spoke about individual islands rather than counties. They

Exhibit 4.5. Median Home Value for Native Hawaiians and Residents of Hawaii, by Owner-Occupied Units, 2006 to 2010

Source: U.S. Census Bureau, 2006–2010 American Community Survey 5-year estimates

indicated that Native Hawaiians faced the highest prices on Oahu, especially in the Honolulu area. Housing was less expensive in general on the neighbor islands, but limited existing housing stock and developable land made finding housing on these islands more difficult. Among the neighbor islands, Maui was considered the most expensive. Hawaii Island is split between the more affordable eastern side of the island, which includes Hilo and is considered more residential, and the more expensive western side of the island, which includes Kona and is more heavily influenced by tourism. Other lower-cost properties tended to be in more remote locations, such as on Molokai, that do not have opportunities for employment or services nearby.

Given differences in the published data between census 2000 and 2006–2010

American Community Survey (ACS) estimates, the research team was unable to analyze change over time in home values and rents for this report.²¹ Other sources report overall increases in home values and rents over time. For example, data from the Economic Research Organization at the University of Hawaii, or UHERO, show a steady increase in the median sales price for a single-family home in Hawaii from 2000 to 2013, with a dip between 2007 and 2011 as a result of the Great Recession (UHERO, 2013).

Housing Problems and Needs: Framework

This report uses the framework for assessing inadequate housing as presented in the Urban Institute’s 2014 report on American Indian and Alaska Native housing (Pettit et al., 2014). Modified from the Urban Institute’s

²¹ Published tables from the 2000 census reported median home values and contract rents only for owner- and renter-occupied specified units, but the tables for 2006–2010 ACS estimates report these values for all owner- and renter-occupied units.

previous reports on American Indian and Alaska Native and Native Hawaiian housing (Kingsley et al., 1996; Mikelsons et al., 1995), the framework outlines three qualities that

define inadequate housing: quantity, quality, and price. These qualities are described in the following subsections and summarized in exhibit 4.6.

Exhibit 4.6. Housing Problems and Needs Framework

Quantity

Market level: How well the number of housing units can accommodate the number of households that need housing, taking into account vacancies and projected growth.

Unit level: The number of people living in a given unit and the amount of space available—the size (in rooms) of the unit or the degree of overcrowding.

Overcrowded unit (HUD definition): More than one person per room.

Severely overcrowded (HUD definition): More than 1.5 persons per room.

Both measures of overcrowding are based on the total number of rooms in the unit considered suitable for living purposes (living rooms, dining rooms, kitchens, bedrooms, finished recreation rooms, enclosed porches suitable for year-round use, and lodgers' rooms).

Quality

Facilities problems: Problems exist when (1) a unit lacks adequate plumbing, kitchen, electrical, and/or heating facilities; (2) such facilities do not function properly; or (3) the facilities constitute a safety hazard.

Condition problems: These problems occur when the unit was built inadequately (or has since deteriorated), so that it is structurally unsafe or offers inadequate protection from the elements.

Design problems: These problems relate to the physical arrangement and characteristics of external features and interior spaces and whether they are deemed to be attractive and functionally convenient.

Price

Definition: The dollar amount of housing expenses in relation to household income.

Cost burdened (HUD definition): A household that pays more than 30 percent of its total income on housing.

Severely cost burdened (HUD definition): A household that spends more than 50 percent of its income on housing.

HUD = U.S. Department of Housing and Urban Development.

Quantity

At the market level, quantity is a measure of how well the number of housing units can accommodate the number of households that need housing, taking into account vacancies and projected growth. On the unit level, the measure used is the number of people living in a given unit compared with the size (in rooms) of the unit or the degree of overcrowding.

HUD categorizes a housing unit as overcrowded if it has more than one person per room and as severely overcrowded if it has more than 1.5 persons per room. These measures are included in the U.S. Census Bureau's ACS and American Housing Survey. The calculation is based on the total number of rooms in the unit considered suitable for living purposes.²² Overcrowding and severe overcrowding were included in the analyses for this report.

Quality

This characteristic encompasses three types of quality problems.

1. **Facilities problems** are the easiest to measure. Problems exist when (1) a unit lacks adequate plumbing, kitchen, electrical, and/or heating facilities; (2) such facilities do not function properly; or (3) the facilities constitute a safety hazard.
2. **Condition problems** occur when the unit was built inadequately (or has since deteriorated) so that it is structurally unsafe or offers inadequate protection from the elements. These problems have been hard to rate in an objective manner.

22 The Census Bureau considers the following rooms suitable for living purposes: living rooms, dining rooms, kitchens, bedrooms, finished recreation rooms, enclosed porches suitable for year-round use, and lodgers' rooms. The Census Bureau excludes the following types of rooms: strip or Pullman kitchens, bathrooms, open porches, balconies, halls or foyers, half rooms, utility rooms, unfinished attics or basements, or other unfinished spaces used for storage (U.S. Census Bureau Glossary <https://www.census.gov/glossary>).

23 A unit has complete kitchen facilities when it has all of the following facilities: (1) cooking facilities, (2) a refrigerator, and (3) a sink with piped water (https://www.factfinder.census.gov/help/en/kitchen_facilities.htm). Complete plumbing facilities include (1) hot and cold piped water, (2) a flush toilet, and (3) a bathtub or shower. All three facilities must be located in the housing unit (https://www.factfinder.census.gov/help/en/plumbing_facilities.htm).

3. **Design problems** relate to the physical arrangement and characteristics of external features and interior spaces and whether they are deemed to be attractive and functionally convenient. For several reasons—including the fact that tastes vary—an objective rating scheme for this aspect has never been devised.

Census data are available for only part of the facilities problems. The census and ACS surveys ask whether a unit has adequate kitchen and plumbing facilities.²³ This section reports on how Native Hawaiian households responded to these questions. Census data do not include information on condition or design problems. The survey of HHCA beneficiaries households on the State of Hawaii's Department of Hawaiian Home Lands (DHHL) waiting list includes questions on these issues, which are covered in section 5.

Price

This characteristic addresses the dollar amount of housing expenses in relation to household income. Price becomes a problem when the cost of housing is higher than a household can reasonably afford, leaving households insufficient resources for food, clothing, and other necessities of life.

HUD determines that a "cost burdened" household pays more than 30 percent of its total income on housing. If a household spends more than 50 percent of its income on housing, HUD designates it as "severely cost burdened." The U.S. Census Bureau collected data on the proportion of households that fall into these two categories in both the 2000 decennial

census and the ACS. This section reports on these data for Native Hawaiian households.²⁴

Housing Problems and Needs: Quantity

Overcrowding was more common among households in Hawaii than in all U.S. households. During the 2006-to-2010 period, households in Hawaii were three times more likely to experience overcrowding and severe overcrowding than were households in the United States: 3 percent of households in the United States were overcrowded (with more than one person per room), but 9 percent of households in Hawaii faced the same condition. Of all U.S. households, about 1 percent were severely overcrowded (more than 1.5 persons per room), but, in Hawaii, 3 percent of households were severely overcrowded. Although overcrowding rates in Hawaii remained relatively high, they dropped by more percentage points than rates in the United States overall. Between 2000 and the 2006-to-2010 period, overcrowding in Hawaii declined 6 percentage points, from 15 to 9 percent of households, but, during the same period, the U.S. rate dropped only 3 percentage points, from 6 to 3 percent.

Within Hawaii, overcrowding was consistently more common among Native Hawaiian households than residents of Hawaii households. Mikelsons et al. (1995) found that 28 percent of Native Hawaiian households experienced overcrowding in 1990, a slight increase from 27 percent in 1980. This rate was more than twice the rate of overcrowding for residents of Hawaii households, which was 13 percent in 1990. Rates of overcrowding for Native Hawaiian households were consistently high across geographic settings and highest

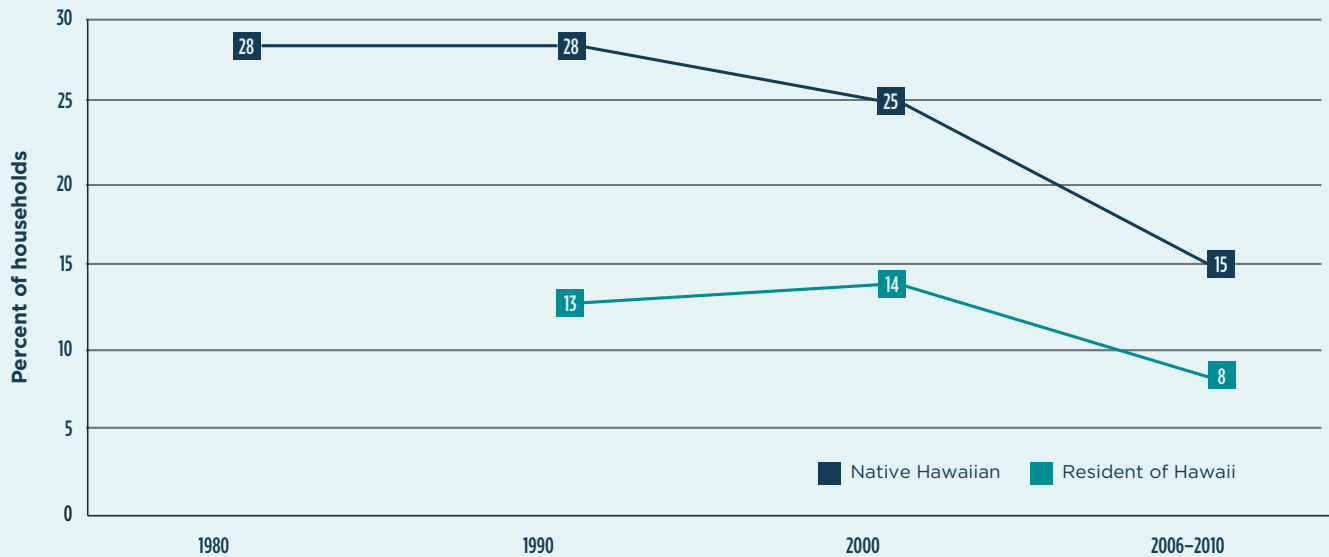
in the very low-income and low-income groups. The rates of overcrowding for Native Hawaiian households in Hawaii remained similar in 2000. At 25 percent, they were only 3 percentage points lower than in 1990 and 2 percentage points lower than in 1980; the residents of Hawaii household rate lingered at around 14 percent.²⁵

Although Native Hawaiian rates remained higher, by the 2006-to-2010 period, the prevalence of overcrowding among both groups dropped substantially. By the 2006-to-2010 period, the overcrowding rate for Native Hawaiians dropped 10 percentage points to reach 15 percent. The rate for residents of Hawaii households also dropped, but by a smaller margin (6 percentage points), to reach 8 percent (exhibit 4.7). Not shown in the exhibit, rates of severe overcrowding also decreased substantially during the 2000-to-2010 decade. In 2000, 12 percent of Native Hawaiian households were severely overcrowded as were 7 percent of residents of Hawaii households. By the 2006-to-2010 period, those shares had dropped to 5 and 3 percent, respectively.

The highest incidence of overcrowding in Native Hawaiian households by county was in Maui County (20 percent), followed by Kauai (17 percent), Honolulu (15 percent), and Hawaii (13 percent) Counties. Severe overcrowding was 6 percent in Kauai County and 5 percent in the other counties. During the decade, overcrowding rates declined in all four counties. Of the counties, Native Hawaiian households in Honolulu County experienced the least severe disparities in overcrowding and severe overcrowding, with rates 1.9 and 1.7 times, respectively, that of residents of Hawaii households. Native Hawaiian households in

²⁴ Mikelsons et al. (1995) included breakdowns of these housing issues on several dimensions: urban versus rural; low-income (80 percent of the Area Median Income [AMI]), very low-income (30 percent of the AMI), and non-low-income households; and by the existence of multiple problems. Due to differing data sources, this study does not use these breakdowns but, instead, investigates the incidence of housing problems by racial category (Native Hawaiian and resident of Hawaii) and county.

²⁵ Because the race question was asked differently on the 1980 and 1990 decennial censuses than it was in the 2000 census (in 2000 respondents could select multiple races), these differences should be interpreted with caution.

Exhibit 4.7. Percent of Households That Were Overcrowded, by Native Hawaiian Identification, 1980 to 2006 to 2010

Sources: Data for 1980 and 1990 come from Mikelsons et al. (1995); 2000 data come from the U.S. Census Bureau, decennial census 2000; 2006-2010 data come from the U.S. Census Bureau, 2006-2010 American Community Survey 5-year estimates, selected population tables

Kauai County had the most severe disparities, with overcrowding being 2.3 times the rate of overcrowding for residents of Hawaii and severe overcrowding being 2.4 times the rate for residents of Hawaii.

According to stakeholders, overcrowding has several negative consequences. First, it contributes to housing unit deterioration, because the larger number of occupants leads to greater wear and tear on the unit. Second, it can create conflict among neighbors over parking, noise, and other issues. Stakeholders noted that homes were not built with sufficient parking for all the cars associated with an overcrowded unit, which creates tension with neighbors regarding available parking.

Housing Problems and Needs: Quality

Although few households in Hawaii lack complete plumbing, kitchen, or telephone

facilities, the proportion of the population with inadequate facilities was higher than in the United States as a whole, and the proportion of Native Hawaiian households with facilities deficiencies was higher than for residents of Hawaii households.

A larger share of housing units in Hawaii lacks complete kitchen and plumbing facilities than in the United States overall. During the 2006-to-2010 period, 0.8 percent of households in Hawaii lacked complete plumbing facilities compared with 0.5 percent of units nationwide. Further, 1.5 percent of households in Hawaii lacked complete kitchen facilities, nearly twice the national rate (0.8 percent).

Within Hawaii, facilities problems were more prevalent among Native Hawaiian households than among residents of Hawaii households. During the 2006-to-2010 period, 1.1 percent of Native Hawaiians lacked complete plumbing facilities compared with 0.7 percent among residents of Hawaii households. This disparity

persisted in Hawaii County, where 3 percent of Native Hawaiian households lacked plumbing facilities, almost twice the rate of residents of Hawaii households, and in Maui County, where the rate was 1.2 percent for Native Hawaiian households and 0.8 percent for residents of Hawaii households. In Honolulu and Kauai Counties, the rates for Native Hawaiians and residents of Hawaii were equivalent.

The rate for incomplete kitchen facilities was slightly higher for Native Hawaiian households (1.9 percent) than for residents of Hawaii households (1.5 percent). This trend held in Maui County, where the Native Hawaiian rate was 2.9 percent and the residents of Hawaii rate was 1.5 percent, and in Hawaii County, where the Native Hawaiian rate was 2.4 percent and the residents of Hawaii rate was 1.7 percent. In Honolulu and Kauai Counties, the Native Hawaiian and residents of Hawaii rates were about equal, at about 1.4 and 2.5 percent, respectively.

The stakeholder interviews also identified physical problems of housing occupied by Native Hawaiians. Stakeholders reported that the quality of homes varied both on and off the Hawaiian home lands, depending on age, quality of original construction, owner maintenance, and the number of occupants. Older homes across Hawaii, in many cases, have deteriorated due to poor construction or lack of maintenance. Older houses with wood and single-wall construction may have wood rot or termite damage because the wood was not regularly painted and termite treatments were not applied properly. Stakeholders also noted that foundations can crack due to ground shifting and may not be repaired. Further, the climate causes a significant need for weatherization. The area's moisture, salt air, and wind can cause materials to wear, rot, or rust prematurely; support the growth of mold and mildew; and cause other problems.

Housing Problems and Needs: Price

Housing affordability was a problem for people across Hawaii. During the 2006-to-2010 period, 42 percent of all households in Hawaii were cost burdened, a rate 6 percentage points higher than the national rate of 36 percent. Within Hawaii, Native Hawaiian households had slightly lower rates of cost burden (40 percent) than did the residents of Hawaii households (42 percent), but both were still more than the national rate. Lower average home values and rents paid and larger household size for Native Hawaiians may partially explain this seemingly counterintuitive rate. All the stakeholders interviewed for this study agreed that a lack of affordable housing is a major housing-related challenge in Hawaii and that Native Hawaiians experience disproportionate burden due to lower average incomes and limited access to capital. Stakeholder respondents from DHHL, financial institutions, and housing support organizations estimated that Native Hawaiians typically spend 40 to 60 percent of their income on housing and housing-related costs and may require three or more incomes to afford the cost of the median home purchase or rental.

Although a significant share of Native Hawaiian households across Hawaii experienced a housing cost burden, the proportion varied by county. Native Hawaiian households in Honolulu and Maui Counties had the highest rates of cost burden, each at approximately 41 percent; in addition, they experienced an approximately 34-percent rate for severe cost burden. Native Hawaiian households in Kauai County were the least likely to experience cost burden and severe cost burden, at 33 and 27 percent, respectively. This county variation is consistent with the findings of Mikelsons et al. (1995), which identified higher rates of affordability problems in urban areas than in rural areas.

Differences in cost burden for Native Hawaiian and residents of Hawaii households also varied by county. In Hawaii and Honolulu Counties, the rates of cost burden and severe cost burden for Native Hawaiian and residents of Hawaii households hovered within a percentage point of each other. In Maui and Kauai Counties, rates were higher in residents of Hawaii households. In Maui, the proportion of both cost-burdened and severely cost-burdened residents of Hawaii households was 4 percentage points higher than for Native Hawaiian households. Kauai County had the largest gap: the proportion of residents of Hawaii households with housing cost burden was 9 percentage points higher than for Native Hawaiian households, and the proportion with severe cost burden was 7 percentage points higher than for Native Hawaiian households.

Although differences in data reporting limit researchers' ability to draw conclusions about changes over time, the analysis for this report and findings from Mikelsons et al. (1995) suggest that cost burden among Native Hawaiian households in Hawaii has increased since the 1980s.²⁶ Mikelsons et al. (1995) found 25 percent of Native Hawaiian households were cost burdened in 1980, and 28 percent were cost burdened in 1990. In 2000, the rate of cost burden among Native Hawaiian households reached 36 percent and increased again to 40 percent during the 2006-to-2010 period.

Strategies To Deal With Affordability Challenges

Stakeholders described three main ways that Native Hawaiians cope with housing affordability challenges: (1) overcrowding or extended or multifamily living to pool

expenses, (2) working multiple jobs, and (3) living far from their place of employment.

Overcrowding or extended or multifamily living is one potential strategy Native Hawaiians used to cope with housing affordability issues, especially in areas with a shortage of affordable housing. Speaking specifically about Maui Island, one informant estimated that it takes income from about three to four jobs to afford rent or a house payment. This practice leads to as many as four or five families living within one unit. Overcrowding declined notably during the 2000-to-2010 decade, but cost burden among Native Hawaiian households remained relatively prevalent, with two-fifths of households paying 30 percent or more of their income on housing and one-third of that group paying 50 percent or more.

Further, most stakeholders seemed conflicted about calling extended or multifamily living "overcrowding" or a problem, because these situations are considered normal and culturally acceptable in addition to being economically practical. "Ohana living" is a local concept meaning living in the extended family style. Ohana, or extended family, is a core social unit in Hawaii. The ohana concept is shaped by ideas about cooperation, mutual support, and shared responsibility for the welfare of families and communities (Handy and Pukui, 1950; Kana'iaupuni, 2004; McGregor et al., 2003; Stern, Yuen, and Hartsock, 2004). The cultural importance of the ohana concept and the sense of family obligation attached to it encourage Native Hawaiians to place a high value on taking in relatives who are in need. One informant said, "Part of our culture is taking in family to avoid homelessness." Overcrowding is a phenomenon that continues over generations,

²⁶ The ability to draw exact conclusions is limited by two factors. First, as mentioned previously, starting with the 2000 census, respondents could select more than one race. Because of this change, the race definitions between the 1980 and 1990 censuses differ from those in the 2000 and 2010 censuses and the ACS. Second, cost burden in 2000 was calculated only for specified units, but in the 2006–2010 ACS it was calculated for all units.

so some people are used to it and do not see it as a problem. A few informants, however, noted that multifamily or extended households are becoming less popular as times are changing, and it might not be preferred if housing were more affordable.

To afford housing, rather than bringing more people into the household, adults in some households may choose to work more jobs. One key informant said that it is impossible to afford housing unless a household is willing to “team up with others or take on additional jobs.” Stakeholders noted that these households may be at particular risk of losing housing if they encounter a sudden loss of income because of job loss or other unexpected financial burden.

Another method of coping is to live in more affordable areas farther from employment. This strategy came up often in conversations about Hawaii Island. Substantial numbers of hospitality and tourism workers employed in and around Kona lived somewhere on the eastern side of the island where housing is more affordable. A typical commute for people in this situation could involve a 30-minute or longer bus ride to Hilo, where they catch another bus to the hotels in Kona, with one-way commutes of more than 2 hours. Before the recent rebuilding of the “saddle road” across the middle of the island from Hilo to just north of Kona, commutes were even longer and more dangerous because the old road had many narrow stretches with sharp curves, blind hills, and a history of poor maintenance that led to deterioration. Employers in the Kona region have begun to offer bus service for employees as a result of a large workforce residing in the Hilo area.

Beyond these three core coping strategies, a few informants noted that some Native Hawaiians are migrating to the mainland as a strategy for dealing with housing and

employment challenges in Hawaii. In general, stakeholders thought that this strategy was not widely used, especially after the tourism industry rebounded from the Great Recession. A few people thought it was, however. One homesteader said, “We are born and live here and expect to die here, and yet our children are leaving because they can’t afford to live here. That is sacrilegious almost to us, driving out our culture. We have lands that aren’t enough to house us.”

Homelessness

Because of their lower incomes, higher poverty rates, and challenges obtaining and maintaining affordable housing, Native Hawaiians may be at particular risk for homelessness. Research shows that the single biggest individual-level predictor of homelessness is having an extremely low income (Burt, 2001), and the key systemic driver of homelessness is the availability or the lack of affordable housing (Cunningham, 2009).

Both the stakeholder interviews and administrative data suggest that Native Hawaiians are overrepresented among the homeless population. All the stakeholders with whom the research team discussed homelessness agreed that homelessness is a significant problem in Hawaii and indicated that Native Hawaiians are disproportionately represented in the state’s homeless population.

Administrative data substantiate this impression. Although data are not available for only Native Hawaiians, HUD’s 2015 Homeless Populations and Subpopulations reports (HUD, 2015) show that 2,978, or 39 percent, of the state’s 7,620 homeless individuals identify as Native Hawaiian or Other Pacific Islander compared with only about 10 percent in the state as a whole, according to 2014 ACS 1-year data (exhibit 4.8).

Exhibit 4.8. Size of the Native Hawaiian and Other Pacific Islander Homeless Population, 2015

Households		Individuals		
	Total Number	Total Number	Number NH/OPI	Percent NH/OPI
Honolulu County	2,956	4,903	2,137	43.6
Rest of Hawaii	1,897	2,717	841	31.0
State Total	4,853	7,620	2,978	39.1

COC = Continuum of Care. NH = Native Hawaiian. OPI = Other Pacific Islander.

Sources: Homelessness data are from CoC Homeless Populations and Subpopulations Reports for Honolulu City and County and Hawaii Balance of State CoCs; https://www.hudexchange.info/resource/reportmanagement/published/CoC_PopSub_State_HI_2015.pdf.

Stakeholders described the state’s homeless population as divided into two groups. The first group is largely composed of chronically homeless single adults.²⁷ These individuals tend to be older males (estimated average age of 62) with substance use or mental health issues and are not typically Native Hawaiian. The second category includes adults and families who are working but are economically disadvantaged and homeless; one informant from a stakeholder organization estimated that most of this group is Native Hawaiian. These homeless families and individuals typically double up with family, live in cars or garages, or live in tents or temporary shelters in rural areas. A few informants also noted that some homeless Native Hawaiians live in lava tubes—cave-like tunnels created by volcanic activity—around the island.

These two groups tended to live in different areas of the state. On the island of Oahu, the chronically homeless were more likely to live in the Honolulu and Waikiki areas. The economically disadvantaged Native Hawaiian homeless were concentrated on the western

and eastern sides of the island, where Native Hawaiians make up a larger share of the population. On Hawaii Island, the chronically homeless were concentrated around Kona, and the economically disadvantaged Native Hawaiian homeless tended to live on the eastern side of the island.

Several stakeholders reported that people often do not want to go to shelters because of the rules governing them, such as rules against pets or alcohol and drug-screening protocols. Some shelters are also unappealing because they separate men and women or offer limited privacy. One informant suggested these kinds of rules may be not be acceptable to families, which might help explain why shelters on Oahu often are not full, except for the family shelter, which does not have these restrictions. Families may be opting to make other arrangements for shelter in order to stay together. Although the state has a plan to end and prevent homelessness, Native Hawaiians may not be the immediate beneficiaries of investment due to their lower level of need relative to the chronically homeless population.

27 HUD defines chronically homeless as “(1) A ‘homeless individual with a disability,’ as defined in the Act, who: • Lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and • Has been homeless (as described above) continuously for at least 12 months or on at least 4 separate occasions in the last 3 years where the combined occasions must total at least 12 months; (2) An individual who has been residing in an institutional care facility for fewer than 90 days and met all of the criteria in paragraph (1) of this definition, before entering that facility; or (3) A family with an adult head of household (or if there is no adult in the family, a minor head of household) who meets all of the criteria in paragraphs (1) or (2) of this definition, including a family whose composition has fluctuated while the head of household has been homeless,” (24 CFR Parts 91 and 578). Federal Register 80 [223]. <https://www.hudexchange.info/resources/documents/Defining-Chronically-Homeless-Final-Rule.pdf>

Section 5. Circumstances of Native Hawaiians Residing in Hawaiian Home Lands and on the Hawaiian Home Lands Waiting List

Sections 2 through 4 of this report describe population growth and distribution, social and economic conditions and trends, and housing conditions and needs for all of Hawaii, using census data to compare Native Hawaiians residing in the state with other residents of Hawaii. This section addresses the same topics, focusing on two groups of Native Hawaiian households: those households residing on the Hawaiian home lands and those households on the Hawaiian Homes Commission Act (HHCA) beneficiary waiting list who are waiting for a lot on the Hawaiian home lands.²⁸

Key Findings

Key findings from this section include—

- Households on the 20 sampled Hawaiian home lands were more similar to HHCA beneficiary households on the waiting list in terms of mobility, household size, and household composition than to Native Hawaiian and residents of Hawaii households at the state level. HHCA beneficiary households on the waiting list and households on the sampled Hawaiian home lands were less mobile, had larger household sizes, and had lower rates of single parent-headed households.
- Beyond these characteristics, HHCA beneficiary households on the waiting list appeared to be much more disadvantaged than households on the sampled Hawaiian home lands and Native Hawaiian residents of Hawaii households overall. HHCA beneficiary households on the waiting list had the lowest median income of all four groups by a substantial margin, and they received public cash assistance at more than twice the rate of the other groups. By contrast, households on the sampled Hawaiian home lands reported a higher median income than Native Hawaiian and residents of Hawaii households at the state level.
- HHCA beneficiary households on the waiting list also faced more significant housing challenges across all dimensions than did the other groups.
 - Although overcrowding is a bigger problem on the Hawaiian home lands than in the state, in general, overcrowding and severe overcrowding were even more prevalent among households on the waiting list. For example, nearly 40 percent of households on the waiting list were overcrowded compared with only 19 percent of households on sampled Hawaiian home lands.
 - Facilities problems, which are about equally uncommon on the Hawaiian home lands as in the state overall, affected HHCA beneficiary households on the waiting list at high rates. For example, 10 percent of HHCA beneficiary households on the waiting list lacked complete plumbing compared with 1 percent for all other groups.

²⁸ Note that these two groups are not mutually exclusive, because some individuals who reside on the Hawaiian home lands are also applicants on the waiting list.

- HHCA beneficiary households on the waiting list experienced cost burden at higher rates than Native Hawaiian and residents of Hawaii households in the state, but households living on the Hawaiian home lands experienced lower rates of cost burden than HHCA beneficiary households on the waiting list.
- Based on the household survey, few HHCA beneficiary households on the waiting list were currently receiving a housing subsidy, and only a small share had ever received one.

The Hawaiian Home Lands Population

The existence of the Hawaiian home lands is a distinctive feature of the housing situation for members of the Native Hawaiian community. The Hawaiian Home Lands program is managed by the State of Hawaii's Department of Hawaiian Home Lands (DHHL) with oversight of the state's management provided by the U.S. Department of the Interior. The program, established in 1921 for homesteading by Native Hawaiians, is in place to support the self-sufficiency and well-being of the Native Hawaiian people. These public trust lands are leased to eligible Native Hawaiian community members for residential, agricultural, and pastoral purposes in homestead communities. In 2014, Hawaii had 56 occupied homestead communities with 9,838 leases (DHHL, 2014b) and, in 2010, according to the 2010 census, there were 30,858 residents on the home lands.

Framing and Sources of Information

This report relies on three sources of data to describe the population and housing conditions of the people living on the Hawaiian home lands: (1) the U.S. decennial census for 2000 and the 2006–2010 American Community Survey (ACS) data for the 20 most populous residential homesteads;²⁹ (2) DHHL surveys of its lessees, the most recent of which were completed in 2008 and 2014; and (3) semistructured discussions conducted in July 2014 with a range of stakeholders, including leadership and members of homestead associations, officials and staff of DHHL, and stakeholders at organizations that have direct experience working with the state's Native Hawaiian population.³⁰ This last group included the State of Hawaii Office of Hawaiian Affairs, housing assistance providers, financial institutions, advocacy groups, and faith-based and other social service organizations.

Each of the three data sources has its limitations, and no single source provides the complete picture of Native Hawaiians residing on the Hawaiian home lands. Census data report on all residents of the Hawaiian home lands, including those who are not Native Hawaiian (about 13 percent of the Hawaiian home lands population). The lessee survey is a self-administered mail survey that DHHL sends to all lessees; the 2014 survey obtained a 22-percent response rate from those currently residing on the Hawaiian home lands.³¹ The stakeholder interviews provided qualitative information from individuals

29 These 20 home lands were the largest sample of homestead communities with complete data on the variables of interest for this report. A list of these Hawaiian home lands communities with their populations is provided in appendix A.

30 Homestead associations are beneficiary-controlled organizations that represent and serve the interests of their respective homestead community and have as a stated purpose the representation of and provision of services to their homestead community.

31 These respondents were traditional lessees (that is, those who have a lease on the Hawaiian home lands and reside on the home lands). Undivided interest lessees were surveyed separately (19-percent response rate) because they had received leases but had not yet moved into a Hawaiian home lands community.

familiar with housing issues in Hawaii and, in particular, Native Hawaiians and housing options available on the Hawaiian home lands. Stakeholders varied in their areas of expertise, and interviews were tailored accordingly. Further details about the data sources and limitations are provided in appendix C.

Social and Economic Conditions

Population

The sample of the 20 most populous residential Hawaiian homestead communities used in the analysis, which had a total population of 27,596, made up 89 percent of the total Hawaiian home lands population in 2010. Of this population, 87 percent were Native Hawaiian alone or multiracial. The remaining residents were largely White alone (4 percent) or Asian alone (4 percent). The proportions of Blacks, American Indians and Alaska Natives, Other Pacific Islanders, and people of multiple races (not including Native Hawaiian) ranged from 0.1 to 1 percent.

Age

As noted in section 3, the Native Hawaiian population tended to be younger than the residents of Hawaii population, with a smaller proportion of the population being age 65 and older and a larger share being under age 20. The residents of the sampled Hawaiian home lands skewed older. Only 7 percent of Hawaii's Native Hawaiian population was age 65 and older in 2010, but the share for the Hawaiian home lands residents sample was 10 percent. Further, although 39 percent of the state's Native Hawaiian population overall was under age 20, only 33 percent of the total population on the Hawaiian home lands was in that age group. These differences could be due in part to the aging of the lessees in a substantial

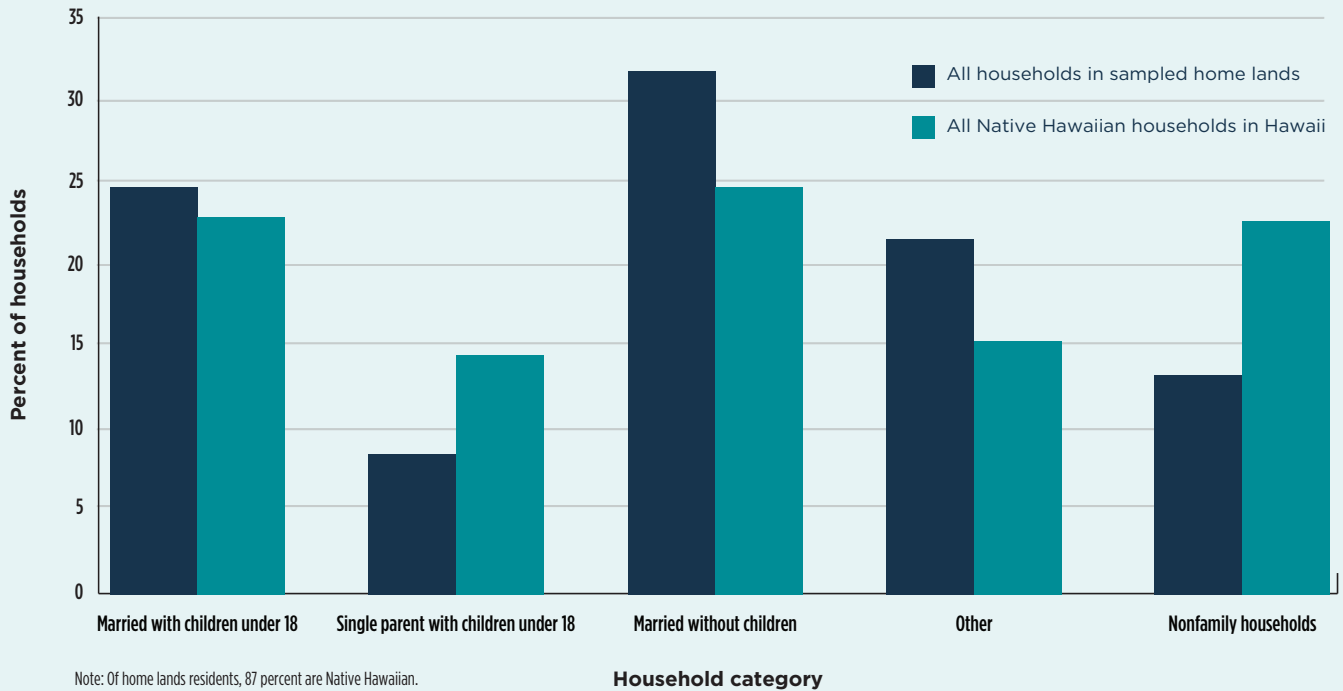
number of older homestead communities or an older age at lease inception.

Household Sizes and Types

Households on the Hawaiian home lands tend to be larger than both Native Hawaiian and other households at the state level. The average household size in the Hawaiian home lands sample was 4.3 compared with 4.1 in the Native Hawaiian population and 2.7 for residents of Hawaii households. Households in the sampled Hawaiian home lands were also more likely than Native Hawaiians to have large families with five or more people. In 2010, 40 percent of households in the sampled Hawaiian home lands were categorized as large compared with 26 percent of Native Hawaiian households statewide and 16 percent of all households in Hawaii. These findings are similar to those reported by Mikelsons et al. (1995).

On the Hawaiian home lands, married couples without children households and other family households (defined by the U.S. Census Bureau as male- or female-headed family households without children under age 18) are more common, and nonfamily households (those that do not include one or more persons related by birth, marriage, or adoption) and single parent-headed households are less common compared with the Native Hawaiian population in the state. In 2010, 32 percent of households in the sampled Hawaiian home lands were married couples without children and 22 percent were other family households. By contrast, only 25 percent of Native Hawaiian households were married couples without children and only 15 percent were other family types (exhibit 5.1). The share of single-parent households on the Hawaiian home lands (9 percent) was much lower than the overall Native Hawaiian share in the state (16 percent). Nonfamily households are also less common on the Hawaiian home lands.

Exhibit 5.1. Household Composition in Hawaiian Home Lands Compared With All Native Hawaiian Households in the State of Hawaii, 2010



In 2010, only 13 percent of households in the sampled Hawaiian home lands were nonfamily compared with 23 percent among the state’s Native Hawaiian households.

Mikelsons et al. (1995) found that Native Hawaiian households on the sampled Hawaiian home lands were much more likely than Native Hawaiian households in the state to include subfamilies (28 compared with 17 percent), and this pattern continues today. In 2010, 27 percent of households on the homelands included relatives beyond immediate family compared with 18 percent among the state’s Native Hawaiian households and 11 percent among residents of Hawaii households.

Educational Attainment

The Hawaiian home lands population had lower levels of educational attainment

than did the Native Hawaiian and residents of Hawaii populations at the state level. In the sampled Hawaiian home lands, 8 percent of the population had at least a bachelor’s degree compared with 15 percent for Native Hawaiians and 32 percent of residents of Hawaii during the 2006-to-2010 period. Further, Hawaiian home lands residents were slightly less likely to have completed high school. During the 2006-to-2010 period, 12 percent of Hawaiian home lands residents did not have a high school diploma or general educational development, or GED, compared with 10 percent of Native Hawaiians and residents of Hawaii. Mikelsons et al. (1995) also found lower levels of educational attainment on the Hawaiian home lands, suggesting that this trend has persisted throughout the decades.

Employment

Hawaiian home lands residents tended to have lower labor force participation and employment and higher unemployment rates compared with statewide averages for Native Hawaiians and residents of Hawaii. During the 2006-to-2010 period, 65 percent of Hawaiian residents age 16 and older on the sampled home lands were in the labor force, 4 percentage points lower than the rate for the state's Native Hawaiian population (69 percent) and 2 percentage points lower than residents of Hawaii (67 percent) (exhibit 5.2). Hawaiian home lands residents were also less likely to be employed: 58 percent of those living on the sampled Hawaiian home lands were employed compared with 62 percent of all Native Hawaiians and 59 percent of residents of Hawaii. These lower levels of labor force participation and employment may reflect the fact that the home lands residents of the sampled Hawaiian home lands were older than Hawaii's Native Hawaiian population overall. Further, residents of the sampled Hawaiian home lands had a slightly higher unemployment rate (10 percent) than did Native Hawaiians statewide (9 percent) and residents of Hawaii (5 percent). This finding is consistent with findings from Mikelsons et al. (1995).

Income and Poverty

During the 2006-to-2010 period, the median incomes for the 20 Hawaiian home lands in the sample ranged widely, from \$24,583 to \$103,571. Among residents of the 20 sampled home lands, the median income was \$66,901 and the average income was \$76,387. By comparison, the median income was \$62,852 for Native Hawaiian households in Hawaii and \$66,420 for all of Hawaii.

Hawaiian home lands residents had much lower poverty rates than did Native Hawaiian and residents of Hawaii households in the state (exhibit 5.3). About 6 percent of residents in the sampled Hawaiian home lands were in poverty during the 2006-to-2010 period compared with 12 percent of Native Hawaiians and 9 percent of residents of Hawaii. In the sampled Hawaiian home lands, the poverty rate was highest (7 percent) among adults ages 18 to 64, and the rates for children (under age 18) and seniors (age 65 and older) were lower, at about 5 percent. The Hawaiian home lands child poverty rate stands in stark contrast to the 15 percent child poverty rate in the statewide Native Hawaiian population. It is possible that the analysis presented here overestimated incomes and underestimated poverty. It excluded 1,694 residents in smaller and agricultural homesteads. These

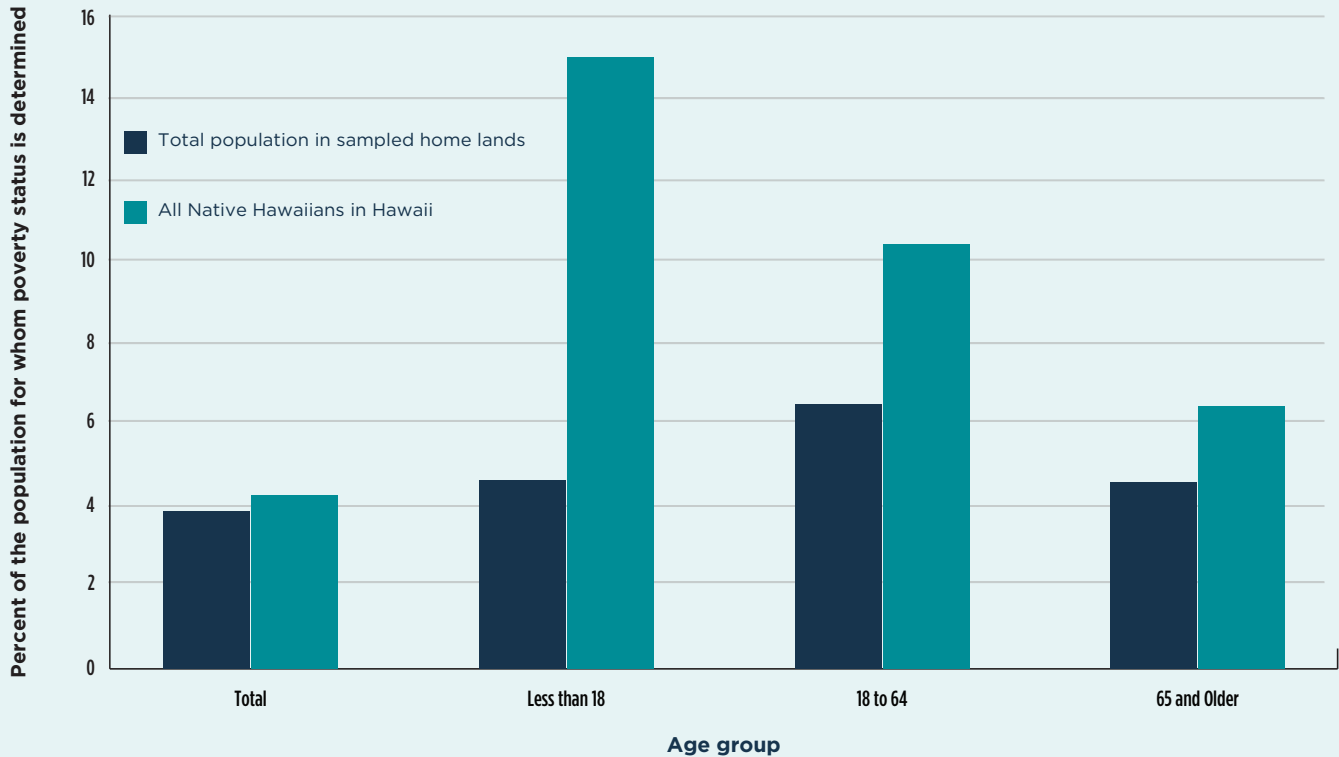
Exhibit 5.2. Labor Force Characteristics for the State of Hawaii by Native Hawaiian Identification and for the Sampled Hawaiian Home Lands, 2006 to 2010

	Residents of Sampled Hawaiian Home Lands	Native Hawaiians	Residents of Hawaii
Percent of population age 16 and older			
In labor force	64.8	68.7	66.5
In civilian labor force	64.5	68.1	62.1
Unemployed	10.4	9.1	4.8
Employed	57.7	57.7	59.1
In military	0.3	0.3	4.4

Note: Hawaiian home lands include only the 20 largest residential Hawaiian home lands communities.

Source: U.S. Census Bureau, 2006–2010 American Community Survey 5-year estimates, selected population table

Exhibit 5.3. Poverty Rates by Age Group for the Total Population in Sampled Hawaiian Home Lands and the Native Hawaiian Population in the State of Hawaii, 2006 to 2010



Source: U.S. Census Bureau, 2006–2010 American Community Survey 5-year estimates

homesteads may be in poorer, more rural areas than the homesteads in the sample. In addition, it may be that the excluded homesteads have a higher proportion of longer-term lessees, who tend to be more financially disadvantaged (DHHL, 2008).

Rates of receipt for means-tested assistance programs for Hawaiian home lands residents were about the same as those for Native Hawaiians. During the 2006-to-2010 period, for example, 16 percent of sampled Hawaiian home lands residents and 15 percent of Native Hawaiians received benefits from the Supplemental Nutrition Assistance Program (SNAP). Further, about 7 percent of both sampled Hawaiian home lands and Native Hawaiian households received public cash

assistance. Both of these rates were lower among residents of Hawaii households: only 6 percent of residents of Hawaii households received SNAP, and 3 percent received public cash assistance.

Housing Conditions: Problems and Needs

This subsection describes housing stock on the Hawaiian home lands, housing tenure, housing structure and type, and home values and includes findings on housing problems and needs specific to the Hawaiian home lands. In assessing housing on the Hawaiian home lands, this subsection uses the same framework presented in section 4 to assess housing: quantity, quality, and

price. Census data for the sample of 20 Hawaiian home lands are supplemented with descriptions and insights gleaned from the stakeholder interviews and existing literature on the Hawaiian home lands.

Housing Characteristics and Housing Stock

In 2013, Hawaii had 54 occupied homestead communities with 9,850 leases established on the trust lands. About 85 percent of leases provided to date are for residential purposes (DHHL, 2014b). According to the ACS, during the 2006-to-2010 period, the 20 sampled Hawaiian home lands had 6,068 housing units.³²

DHHL offers four basic types of residential lease awards: (1) turnkey awards, (2) undivided interest awards, (3) vacant lot awards, and (4) self-help/sweat equity awards.

1. **Turnkey awards** are lots with prebuilt single-family homes. Lessees are able to choose the model of the home to be built. Upon approval for a loan, construction begins. A homebuilder/developer competitively selected by DHHL manages the construction of the home from start to finish. DHHL provides offsite and onsite infrastructure development to get the lots to a ready-to-build state.
2. **Undivided interest awards** are for unspecified lots in development projects or subdivisions that are still in the planning phases. This program provides lessees time to get their finances in order and qualify for a mortgage while DHHL develops the project. DHHL provides assistance to lessees with financial literacy training, counseling, and referrals to debt reduction and consolidation and credit repair services.

3. **Vacant lot awards** are for lots without homes. Lessees can select their own home design to be built by a contractor or as an owner-builder. DHHL also provides infrastructure development for these awards, so vacant lots are generally awarded in a ready-to-build state.
4. **Self-help/sweat equity awards** depend on volunteer labor provided by the lessees, friends, and family members or other skilled and unskilled volunteers. DHHL has cooperative partnerships with several nonprofit and governmental organizations, such as Habitat for Humanity, to facilitate these awards.

Tenure

Most DHHL homes on the Hawaiian home lands are intended for ownership. DHHL traditionally has not offered rental properties because rentals do not take people off the waiting list for a lease, and DHHL's mission is focused on the delivery of land leases to HHCA beneficiaries. This policy is reflected in the homeownership rate. During the 2006-to-2010 period, the homeownership rate among households in the sampled Hawaiian home lands was 90 percent compared with 55 percent among the state's Native Hawaiian households and 58 percent among residents of Hawaii households.

Vacancy

The Hawaiian home lands had a much lower vacancy rate than did the state. Only 3 percent of the units on the Hawaiian home lands were vacant compared with the state's overall vacancy rate of 12 percent. The low vacancy rate was consistent with the high demand for Hawaiian home lands leases (as evidenced by the waiting list) and the control of development by DHHL.

³² Information on the number of units may not match DHHL's statistics. For consistency throughout this subsection, 2006–2010 ACS estimates of the number of units are used.

Development on the Hawaiian home lands is not speculative but, instead, is planned with Hawaiian home lands applicants in mind.

Housing Type, Age, and Size

According to the ACS, during the 2006-to-2010 period, 96 percent of occupied housing units on the Hawaiian home lands were single-family detached homes compared with 71 percent of homes occupied by Native Hawaiians and 63 percent of homes occupied by residents of Hawaii. The remaining homes on the Hawaiian home lands were mostly in the townhouse or other multifamily category (4 percent), and a very small share (0.1 percent) fell into the other housing type category, which includes mobile homes, recreational vehicles, boats, and so on.

Single-family homes on the Hawaiian home lands generally fall into two categories: (1) owner-build and (2) turnkey. For owner-build homes, the lessees hire or contract a professional to build the home, or they build it themselves after assuming the lease. These units may be built all at once or in stages, and they are built to owner specifications within local codes, zoning, and community requirements (if any). Thus, the structure of owner-build homes varies widely and may include single-family homes, prefabricated homes, shacks, Quonset huts, trailers, and nondwelling structures (for example, shipping containers) converted to homes.

In discussions about the quality of housing on the Hawaiian home lands, the interviewed stakeholders focused on the quality of construction and materials.³³ Some of the older homes on the Hawaiian home lands were built by the owners to varying standards or by developers with little quality control or oversight in construction

or materials. One stakeholder noted that, until about 20 years ago, a permit was not required for construction on Hawaiian home lands. DHHL now requires licensed contractors and building to standard local codes in construction projects.

Turnkey homes on the Hawaiian home lands generally have been built as part of planned developments by home builders, and, as in most planned communities, home choice was commonly limited to a few models with few options for customization. Turnkey homes generally are considered ready for occupancy immediately after completion. Much of DHHL's recent development activity has been building turnkey housing in larger homestead communities. These houses are commonly three- to five-bedroom homes. DHHL indicated that its older turnkey stock is of similar size but is lacking some of the more modern conveniences like air conditioning. Many newer planned communities with turnkey homes also include a homeowners association, which includes declarations, covenants, conditions, and restrictions imposed on residents.

Housing units on the Hawaiian home lands tended to be newer. During the 2006-to-2010 period, 91 percent of homes in the sampled Hawaiian home lands were built after 1960 compared with 79 percent of Native Hawaiian homes and 81 percent of residents of Hawaii homes statewide.

Homes on the Hawaiian home lands were also larger on average than Native Hawaiian homes in Hawaii overall. During the 2006-to-2010 period, 76 percent of homes on the Hawaiian home lands had six or more rooms, more than twice the shares of Native Hawaiian and residents of Hawaii homes (33 and 36 percent, respectively). Again, the unique

³³ Some interviewed stakeholders indicated that the quality of materials and construction varied widely for owner-build homes, because they historically have not been subject to building standards or permitting processes. Reviewers of this report indicated, however, that building permits are required of lessees when building on DHHL lands.

context of the Hawaiian home lands played a role in this trend. DHHL takes an active role in planning development on the Hawaiian home lands with applicants in mind, and lessees are able to exercise some amount of choice in the type and size of house that gets built, especially for owner-build leases. Although these homes in general were larger, DHHL's lessee surveys provided some evidence that lessees would prefer to have still larger units. According to the 2008 lessee survey, 68 percent of Hawaiian home lands lessees were considering adding an average of 2.4 bedrooms to their homes (DHHL, 2008). The 2014 lessee survey presents contradictory findings on the need for additional rooms. The majority of respondents to the 2014 survey (73 percent) said they were satisfied with the size of their home, and only 26 percent said they needed additional square footage to house their families adequately.³⁴ When they were asked how many rooms they would like to add to their existing home, only 33 percent of respondents said they would not add any rooms, and 67 percent said they would add rooms. Among those lessees who would like to add rooms to their home, slightly more than one-half would choose to add one or two extra bedrooms (DHHL, 2014c). These contradictory findings could be due to differences in the framing of the two survey questions. The first question asked about need, but the second question brought into consideration the desire to add rooms.

Home Values

Home values on the Hawaiian home lands tended to be lower than home values in the state overall. Most home values in the sampled Hawaiian home lands in the ACS 2006-to-2010 sample were less than \$200,000 (35 percent), followed by the

\$200,000 to \$299,999 range (26 percent), the \$300,000 to \$499,999 range (24 percent), and more than \$500,000 (15 percent). The median home values ranged widely across the homesteads, from \$167,000 to \$512,100. Although these home land values are not directly comparable to private market values, for context, note that the median home value for Native Hawaiian homes in the state was \$463,800, and the median value for all homes was \$537,400.³⁵

Housing Problems and Needs: Quantity

Although overcrowding has become less prevalent in the state over time, rates of overcrowding on the Hawaiian home lands remained higher than the rates for the state's Native Hawaiian households. Mikelsons et al. (1995) found that, in 1990, Native Hawaiian households on the Hawaiian home lands had a much higher rate of overcrowding (36 percent) than those statewide (27 percent). By the 2006-to-2010 period, about 19 percent of all households in the sampled Hawaiian home lands were overcrowded compared with 15 percent of Native Hawaiian households statewide. In addition, 6 percent of homes on the Hawaiian home lands were severely overcrowded in contrast with 5 percent of Native Hawaiian households in the state. As noted in section 4, stakeholders indicated that multifamily living or overcrowding is not only considered culturally acceptable but also is economically practical, because pooling incomes across a larger number of adults may be necessary to afford housing and other expenses. This higher rate of overcrowding and larger household size may be driving the higher household incomes observed on the sampled Hawaiian home lands.

³⁴ Slightly less than 2 percent of households thought their home was too large.

³⁵ Homes on the home lands can be sold only to HHCA beneficiaries, and, although some market-based appraisals occur, most home appraisals do not include the land value. The limited market and the absence of land value in the appraisal decreases the reported values.

Interviewed stakeholders in Hawaii described a common practice of current home land lessees modifying structures to accommodate multiple families. Common areas are used as bedrooms, multiple persons share bedrooms, and garages or carports often are converted into bedrooms or other living space. Another practice is building additions to house family members; however, this option is often difficult to fund. Some stakeholders also pointed out that zoning issues—locally called “ohana zoning”—may be associated with construction of additional housing structures on a lot, noting that local zoning codes and enforcement vary.³⁶ DHHL residential leases currently allow for only one dwelling, although DHHL reported that it is reviewing the issues associated with allowing more than one dwelling on a residential lot to see if a change should be made in its administrative rules and/or its lease conditions.

Housing Problems and Needs: Quality Facilities

Facilities problems exist when (1) a unit lacks adequate plumbing, kitchen, electrical, and/or heating facilities; (2) such facilities do not function properly; or (3) the facilities constitute a safety hazard. Housing quality information in the census and ACS is limited to adequacy of kitchen and plumbing facilities.³⁷

Households on the Hawaiian home lands reported fewer facilities problems than did

Native Hawaiian households in the state during the 2006-to-2010 period. Rates of plumbing (0.8 percent) and kitchen (1 percent) problems in the Hawaiian home lands were one-half to one-third lower than the rates for Native Hawaiian households in Hawaii overall. In 1990, Hawaiian home lands households had a slightly higher proportion of facilities problems than did Native Hawaiian households in Hawaii overall (Mikelsons et al., 1995).

Conditions

In the 2014 DHHL lessee survey, 30 percent of lessees reported the need for some type of repairs to their current units (DHHL, 2014c). This percentage is an increase from the 27 percent who reported a need for home repairs in the 2008 lessee survey (DHHL, 2008). The need for repairs and the extent of the repairs required were about the same across all islands. As found in the 2008 survey and in earlier lessee surveys, the number and severity of needed repairs tended to increase with the age of the housing unit. Among lessee homeowners who reported the need for at least one type of repair, the work most frequently required was exterior work, such as painting, siding, and gutters (62 percent). More than one-half (54 percent) of lessee homeowners reported the need for minimal repairs throughout the home (DHHL, 2014c).

DHHL estimated that, on the older homesteads, about 60 percent of homes need some form of rehabilitation to address major structural deficiencies, accessibility for people with disabilities, or retrofits to

36 In 1981, the state legislature passed a bill that required counties to allow a second dwelling unit, or ohana (extended family) unit, on single-family residential lots that had adequate public facilities. This law was popularly called the “ohana zoning” law, and its stated purpose was to “assist families to purchase affordable individual living quarters and, at the same time, to encourage the preservation of the extended family” (Jaworowski, 1998: 1). The counties created their own policies to implement the new law. The law was amended in 1989 to allow the individual counties to regulate ohana zoning in their own jurisdictions. Although the counties did not repeal their ordinances at that time, they have modified them over time, and now all the counties have different requirements for ohana units (Hawaii Appleseed Center for Law and Economic Justice, n.d.). The Honolulu City Council is currently considering a bill that would make ohana housing more accessible as a means of addressing the affordable-housing issue (Cruz, 2014).

37 A unit has complete kitchen facilities when it has all of the following: (1) cooking appliances, (2) a refrigerator, and (3) a sink with piped water (https://www.factfinder.census.gov/help/en/kitchen_facilities.htm). Complete plumbing facilities include (1) hot and cold piped water, (2) a flush toilet, and (3) a bathtub or shower. All three plumbing facilities must be located in the housing unit https://www.factfinder.census.gov/help/en/plumbing_facilities.htm.

put in solar energy and reduce electricity bills. Aging sewer systems and maintenance issues accelerate deterioration. Some of the older homes will need to be demolished and rebuilt, although an estimate was not obtained from DHHL. Stakeholders from organizations serving Native Hawaiians in general reported similar issues with housing quality off the Hawaiian home lands.

Design Problems

Some major issues were also related to inappropriate or inadequate construction for the environment or geography. Shortcomings in design or construction result in increased maintenance and repair costs and in safety concerns. For example, homestead residents on Hawaii Island described a development in which most homes were built without eaves. This omission led to problems of rotting on the exterior of homes by rain running down and infiltrating the wood siding.

Another example referred to homestead communities on Oahu Island that were built on a mountainside. Because the land has shifted and several of the homes face the ocean unprotected, walls have split or rotted from exposure, foundations are deteriorating, and floors are weak or rotting. Because the homes are on a mountain, they generally have many steps for access. These steps are deteriorating, and they are especially unsafe for an aging population. These communities also have dealt with a multitude of issues associated with an aging sewer system that is no longer maintained by the county because of its location on Hawaiian home lands, although the system also serves a neighboring wealthy fee-simple community.

Housing Problems and Needs: Price

Although housing affordability problems were much more prevalent in Hawaii than

in the United States as a whole, residents of the Hawaiian home lands experienced affordability problems at rates not only lower than state averages for Native Hawaiians and residents of Hawaii households but also lower than the national average. As noted in section 4, during the 2006-to-2010 period, about 40 percent of Native Hawaiian households in the state and 42 percent of residents of Hawaii households were cost burdened. Only 21 percent of households in the sampled Hawaiian home lands, about one-half of the statewide rates, were cost burdened during the same period. Mikelsons et al. (1995) also found that affordability problems were less common on the Hawaiian home lands: 11 percent of Native Hawaiian home lands households were cost burdened compared with 28 percent of Native Hawaiian households in the state in 1990.

Home lands leases confer several benefits that may explain the lower cost burdens. These benefits include an annual lease rent of \$1.00 per year, a 7-year exemption from real property tax, a complete exemption of tax on land, a minimal real property tax after the first 7 years (applies only to the county of Kauai and the city and county of Honolulu), and low-interest government loans. Nevertheless, stakeholders were clear that it was still difficult for low- and moderate-income groups to afford to purchase or build a home on the Hawaiian home lands.

Native Hawaiians on the Hawaiian Home Lands Waiting List

This subsection presents the results of a household survey administered in person to a sample of 516 HHCA beneficiaries on the waiting list for housing on the Hawaiian home lands. The purpose of the household survey was to better understand the housing needs and conditions, income, education, age, and household composition of the one

group that is potentially eligible (depending on income) but not currently served under the Native Hawaiian Housing Block Grant.

Framing and Sources of Information

For purposes of eligibility for homestead leases, an HHCA beneficiary is defined as “any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.” In the case of those relatives who receive a lease through transfer or succession under sections 207, 208, or 209 of HHCA, a blood quantum of at least 25 percent Hawaiian blood is required.³⁸ The blood quantum measure relies on proof of ancestry by individual applicants, so no survey counts exist for the number of people who meet this criterion statewide or in any county as a whole.

For the household survey, a representative sample was drawn from a list of applicants on the waiting list for a lease on the Hawaiian home lands and who opted in, via postcard, to participate in the survey. Obtaining a random sample of HHCA beneficiaries from the general population of the state would have been beyond the funding limits of the study. After reviewing several administrative databases, the study team determined that the waiting list database provided the best pool from which to draw a random sample of individuals of Native Hawaiian heritage.

Data collection took place from August 2014 through April 2015. Trained Native Hawaiian interviewers conducted the interviews at the residences of the respondents to enable the interviewers to document indicators of quality and adequacy of the housing occupied by

the respondents. The overall unweighted response rate (that is, the percentage of households that opted in who completed the survey) was 82.2 percent.³⁹ The survey instrument and tables reporting detailed survey results are included in appendix B.

The presentation of survey findings first describes demographic, social, and economic conditions, followed by a discussion of housing conditions and needs. This subsection includes comparisons of households on the Hawaiian home lands and among Native Hawaiians and residents of Hawaii based on an analysis of ACS data. Because the survey data collection occurred in 2014 and 2015 and the ACS data collection occurred between 2006 and 2010, the differences presented in this subsection could be partially accounted for by changes that occurred overall, so these results should be interpreted with caution. The differences in all cases are stark enough that the general trends hold.

Demographic, Social, and Economic Conditions

Population Mobility

Households on the waiting list tended to move less often than the population in Hawaii overall. About 95 percent of households on the waiting list had lived in the same place for at least 1 year at the time of the survey compared with 86 percent of Native Hawaiian households statewide and 84 percent of residents of Hawaii households. The percentage for households on sampled Hawaiian home lands was about the same as the share for households on the waiting list (95 percent). These households would be expected to move less often

³⁸ The Hawaiian Homes Commission Act, 1920, as amended, includes provisions for leases to Hawaiians (section 207); conditions of leases, including transfers (section 208); and successors to lessees (section 209).

³⁹ Some postcard opt-ins to the survey that were received late in the field period were sampled out because the research team did not need to include them to reach the sample targets. The unweighted response rate excludes those cases.

because they have long-term Hawaiian home lands leases. The reason for the relatively low incidence of moving among households on the waiting list lacks a clear explanation.⁴⁰

Household Composition and Structure

Age of household head. The largest share of households on the waiting list were headed by an individual who was between the ages of 45 and 59 (39 percent). About 40 percent were older (30 percent were between the ages of 60 and 74, and 10 percent were age 75 or older), and 21 percent were younger (13 percent were between the ages of 35 and 44, 8 percent were between the ages of 25 and 34, and about 1 percent were between the ages of 18 and 24).

Household size. Like households on the sampled Hawaiian home lands, households on the waiting list were larger than Native Hawaiian and residents of Hawaii households in the state overall. About 39 percent of households on the waiting list included five or more members, about equal to the share on the sampled Hawaiian home lands (40 percent). By contrast, only 27 percent of Native Hawaiian households and 14 percent of residents of Hawaii households were that large.

Household type. Households on the waiting list and Native Hawaiian households were about equally likely to be married couples with children, but households on the waiting list had a smaller share of single-parent households than did Native Hawaiian households. About 25 percent of households on the waiting list included a married couple with children compared with 23 percent of Native Hawaiian households overall. This rate was also similar to the rate

(25 percent) on sampled Hawaiian home lands. By contrast, only about 9 percent of households on the waiting list were headed by a single parent with children compared with 15 percent for Native Hawaiian households. The waiting list rate was more similar to the rate observed on sampled Hawaiian home lands (9 percent).

Extended family household arrangements.

Although the most common family members living in households on the waiting list were spouses and children, many households also included other family members (exhibit 5.4). About 19 percent of households included the householder's grandchildren. Most of these households (15 percent of all households, or 82 percent of households that included grandchildren) also included the householder's children. Further, about 10 percent included the householder's parents, and 2 percent included the householder's grandparents. This finding suggests that multigenerational living arrangements occur with some frequency. Further, about 10 percent of households on the waiting list included the householder's sibling, 1 percent included an aunt or uncle, and 8 percent included other family members.

Employment

Heads of households on the waiting list were less likely to be employed than heads of households among Native Hawaiians overall, but they were more likely to be employed than were heads of households among residents of the Hawaiian home lands. About 60 percent of heads of households on the waiting list were employed compared with heads of households among Native Hawaiians (62 percent), residents of Hawaii (59 percent), and sampled Hawaiian home lands residents (58 percent).

⁴⁰ Survey numbers are estimates weighted to be representative of HHCA beneficiaries on the waiting list for housing on the Hawaiian home lands who would opt in to the survey via postcard.

Exhibit 5.4. Extended Family Arrangements Among Waiting List Households

	Point Estimate	Margin of Error for 95% Confidence Interval (%)
Percent of households that include both the household head's children and grandchildren	15.7	±1.9
Percent of households by type of member defined by relationship to household head		
Spouse	60.3	±1.6
Sibling	9.7	±3.7
Children	53.6	±5.7
Grandchildren	19.1	±1.3
Parents	10.4	±.2
Grandparents	1.5	±.2
Aunt/ uncle	0.6	±.8
Other	7.8	±3.1

Notes: Estimates are weighted to be representative of HHCA beneficiaries on the waiting list for housing on the Hawaiian home lands who would opt in via postcard. Sample sizes are unweighted. The confidence interval is computed at the 95 percent level.

Source: 2014–2015 Urban Institute Household Survey of HHCA Beneficiaries on the Waiting List for a Lease on the Hawaiian Home Lands

Income and Poverty

Households on the waiting list had substantially lower incomes than did other groups in Hawaii. The median annual household income of those on the waiting list was about \$48,350 (in 2010 dollars), according to the research team's survey.⁴¹ This median income was considerably less than the median income for Native Hawaiian households (\$62,900) and all households in Hawaii (\$66,500) during the 2006-to-2010 period.

Although 80 percent of households on the waiting list received income from wages or a salary and although large shares also received income from retirement or pensions (44 percent from Social Security or Railroad Retirement and 39 percent from retirement, survivor, or disability

pensions), they appeared to have higher rates of receipt for means-tested public cash assistance than did other groups. About 20 percent of households on the waiting list received public cash assistance compared with about 7 percent of Native Hawaiian households and households on the sampled Hawaiian home lands and 3 percent of residents of Hawaii households.

Housing Conditions: Problems and Needs

The household survey included questions about housing quantity, quality, and affordability that paralleled questions used by the U.S. Census Bureau in the decennial census and ACS (see section 4, exhibit 4.6 for definitions). The survey provided

41 The median household income in nominal dollars was \$52,531. To compare this figure with other analyses in this report, it was converted to 2010 dollars by using the U.S. Bureau of Labor Statistics Inflation Calculator. Because surveys were conducted in both 2014 and 2015, the amount in 2010 dollars was calculated using each of the 2014 to 2010 and 2015 to 2010 Consumer Price Index adjustments (\$48,385.96 and \$48,328.60, respectively). The average of these two amounts (\$48,357.28) was used as the 2010 median household income.

additional detail about housing conditions and satisfaction with housing that is also presented here.

Housing Problems and Needs: Quantity

Households on the waiting list typically lived in units with three bedrooms and one to two bathrooms. About 40 percent of these households lived in three-bedroom units, 21 percent lived in two-bedroom units, and 11 percent lived in one-bedroom units. Of the remaining 29 percent of the households on the waiting list, 20 percent lived in units with four bedrooms and 9 percent lived in units with five or more bedrooms. Further, 45 percent of households had one bathroom and 39 percent had two (exhibit 5.5).

Overcrowding was substantially more prevalent among households on the waiting list than other groups. About 38

percent of households on the waiting list were overcrowded, which is about twice the rate of overcrowding for households on the sample of Hawaiian home lands (19 percent). The disparity between households on the waiting list and the state’s Native Hawaiian and residents of Hawaii households was even larger: only 15 percent of Native Hawaiian households and 8 percent of residents of Hawaii households were overcrowded. Households on the waiting list were also much more likely to be severely overcrowded.⁴² About 13 percent of households on the waiting list were severely overcrowded compared with 6 percent of households on the sampled Hawaiian home lands, 5 percent of Native Hawaiian households statewide, and 3 percent of residents of Hawaii households. Further, of the households on the waiting list looking to move from their current unit (41 percent of all households), about 19 percent were living in overcrowded housing.

42 HUD categorizes a housing unit as severely overcrowded if it has more than 1.5 persons per room.

Exhibit 5.5. Households by Housing Unit Characteristics Among Waiting List Households

	Point Estimate	Margin of Error for 95% Confidence Interval (%)
Percent of Households by Number of Bedrooms		
1	11.1	±.8
2	20.5	±4.9
3	39.6	±10.2
4	19.8	±0.7
5 or more	9.0	±5.1
Percent of Households by Number of Bathrooms		
1	44.7	±3.6
2	38.9	±1.7
3	12.7	±2.2
4 or more	2.6	±0.6

Source: Source: 2014-15 Urban Institute household survey of native Hawaiians

Notes: Estimates are weighted to be representative of Native Hawaiians living on the Hawaiian home lands who would opt-in via postcard. The confidence interval is computed at the 95% level.

Housing Problems and Needs: Quality

Facilities

Households on the waiting list reported a greater incidence of facilities deficiencies than did Hawaiian home lands households, Native Hawaiian households, and residents of Hawaii households. About 10 percent of households on the waiting list had incomplete plumbing facilities, which is 10 times the 1-percent rate in the other three groups. About 7 percent of households on the waiting list had incomplete kitchen facilities compared with 1 percent of households on sampled Hawaiian home lands and 2 percent of Native Hawaiian and residents of Hawaii households.⁴³ Of households on the waiting list, about 15 percent lived in units that had a plumbing or kitchen deficiency, about 5 percent experienced a heating or electrical deficiency, and 12 percent experienced some other type of condition deficiency.

Conditions

Although less than 10 percent of households on the waiting list reported being dissatisfied with their current housing and 11 percent indicated that the overall physical condition of their unit was unacceptable, respondents noted problems across a range of physical condition issues: pests such as rodents, insects, or termites (63 percent); peeling paint (25 percent); mold (15 percent); holes or open cracks in walls or ceiling (14 percent); and visible holes in the floor (4 percent) (exhibit 5.6). In response to a series of open-ended questions about dissatisfaction with their current housing, respondents also reported problems related to maintenance and upkeep and the age of the housing unit.

Housing Problems and Needs: Price

A larger share of households on the waiting list experienced cost burden (paying 30 percent or more of their income for housing) than did the other groups, but a smaller share of households on the waiting list was severely cost burdened (paying

43 The standard kitchen deficiency measure has been altered by dropping whether the unit had built-in burners in working order, because responses indicated that the survey question may have been misinterpreted by respondents. Given this possible misinterpretation, the rate of incomplete kitchen facilities calculated may underestimate the true rate.

Exhibit 5.6. Households by Condition Issues Among Waiting List Households

	Point Estimate	Margin of Error for 95% Confidence Interval (%)
Percent of households with the following interior conditions		
Visible holes in the floor	3.5	±.7
Holes or open cracks in walls or ceiling	13.7	±2.6
Peeling paint	24.5	±1.6
Signs of rats (or other vermin)	62.7	±4.5
Mold	15.4	±7.5

Notes: Estimates are weighted to be representative of HHCA beneficiaries on the waiting list for housing on the Hawaiian home lands who would opt in via postcard. Sample sizes are unweighted. "n" refers to the total number of respondents who were asked the question. The confidence interval is computed at the 95 percent level.

Source: 2014–2015 Urban Institute Household Survey of HHCA Beneficiaries on the Waiting List for a Lease on the Hawaiian Home Lands

50 percent of more of their income on housing). About 46 percent of households on the waiting list were cost burdened compared with 42 percent of residents of Hawaii households, 40 percent of Native Hawaiian households, and 21 percent of households on the sampled Hawaiian home lands. About 22 percent of households on the waiting list were severely cost burdened compared with 33 percent of Native Hawaiian households and 34 percent of residents of Hawaii households. The lower rates of severe cost burden for households on the waiting list could be due to their higher rates of overcrowding, which they may use as an affordability strategy. It is notable, however, that even with nearly two in five households on the waiting list living in overcrowded circumstances, almost one-half of those households spend more than 30 percent of their income on housing. In addition, households on the waiting list did not commonly receive housing subsidies. Of all households on the waiting list, only 22 percent reported ever having lived in subsidized housing.

Despite these affordability challenges, only a small share of households on the waiting list indicated the need to move out of their unit in the near future. Only about 5 percent of owners and 3 percent of renters expected to leave their homes. Among owners, the reasons for leaving included being unable to afford their mortgage and having a home in foreclosure. Among renters, reasons included expecting eviction within 60 days, being asked to leave so someone else could move in, and being asked to leave because they were behind on their payments.

Summarizing Differences Among Groups

The previous sections describe the characteristics and needs of four groups: (1) Native Hawaiians, (2) residents of Hawaii,

(3) those living on the Hawaiian home lands, and (4) HHCA beneficiaries on the waiting list for the Hawaiian home lands. This subsection highlights key differences among these groups (exhibit 5.7). The analysis showed overall that households on the waiting list tended to be most demographically similar to households living on the Hawaiian home lands, but households on the waiting list experienced the highest rates of disadvantage and housing problems. The following bullet points address the specific key differences.

- Households on the waiting list and households on sampled Hawaiian home lands were less mobile and had larger households than did Native Hawaiian and residents of Hawaii households.
- Households on the waiting list and households on home lands also had lower shares of single-parent households than did Native Hawaiian households.
- Heads of households on the waiting list had a slightly lower employment rate than members of Native Hawaiian households residing in Hawaii but had a higher rate than members of households on the Hawaiian home lands.
- Households on the waiting list had substantially lower incomes and received public cash assistance at much higher rates than did households on Hawaiian home lands, Native Hawaiian households, and residents of Hawaii households.
- Households on the waiting list experienced all types of housing problems (overcrowding, quality, affordability) at higher rates than did households on Hawaiian home lands, Native Hawaiian households, and residents of Hawaii households.

Exhibit 5.7. Comparison of Waiting List Households, Residents of the Sampled Hawaiian Home Lands, Native Hawaiians, and Residents of Hawaii, 2006 to 2010 and 2014 to 2015

	Waiting List Households	Residents of Sampled Hawaiian Home Lands	State Native Hawaiians	State Residents of Hawaii
Percent of the population living in the same place as the year before	94.6	94.5	86.1	84.2
Percent of households by type				
Married couples with children	25.4	24.8	23	19.6
Single-parent households with children	8.5	8.6	14.6	6.3
Percent of households that were large (five or more members)	38.5	39.6	26.5	14.1
Employment rate *	59.5	57.7	61.9	59.1
Rate of public cash assistance receipt**	19.5	6.7	7.1	2.7
Median household income***	48,357	66,901	62,852	66,420
Percent of households that were overcrowded	38.4	19.3	15.3	7.8
Percent of households that were severely overcrowded	13.3	5.8	4.7	2.7
Percent of households with incomplete plumbing	9.6	0.8	1.1	0.7
Percent of households with incomplete kitchen****	6.8	1	1.9	1.5
Percent of households that were cost burdened	46	20.7	40.1	41.9
Percent of households that were severely cost burdened	21.6		32.9	33.9

* The employment rate for waiting list households is for the household head only; the employment rates for the other categories are for the entire population age 16 and older.

** The American Community Survey asked households for the amount of income they receive from "Any public assistance or welfare payments from the state or local welfare office," while the household survey identified Temporary Assistance for Needy Families and general assistance. The different wording of the public assistance question in the two surveys may account for some of the observed difference between waiting list households and the other groups.

***The median household income in the State Residents of Hawaii column is for the total population of Hawaii, because the median for non-Native Hawaiians was not available from the U.S. Census Bureau. Further, the waiting list household median income was converted to 2010 dollars using the following method: The median household income in nominal dollars was \$52,531. To compare this figure with our other analyses, we converted it to 2010 dollars using the U.S. Bureau of Labor Statistics Inflation Calculator. Because surveys were conducted in both 2014 and 2015, we calculated the amount in 2010 dollars using each of the 2014-to-2010 and 2015-to-2010 Consumer Price Index adjustments (\$48,385.96 and \$48,328.60, respectively). Then we took the average of these two amounts (\$48,357.28).

****The standard kitchen deficiency measure for waiting list households was altered by dropping the question regarding whether the unit has built-in burners in working order. Responses indicate that participants may have misinterpreted the relevant survey question.

Notes: Estimates are weighted to be representative of HHCA beneficiaries on the waiting list for housing on the Hawaiian home lands who would opt in via postcard.

Source: 2014–2015 Urban Institute Household Survey of Native Hawaiians on the Waiting List for a Lease on the Hawaiian Home Lands; data for the other groups come from the U.S. Census Bureau, decennial census 2010 and 2006–2010 American Community Survey 5-year estimates, selected population tables.

Section 6. Housing Policies and Programs

This section discusses Hawaiian home lands policies and other housing assistance programs available to Native Hawaiians (and to other low-income residents of Hawaii) and examines homeownership and access to mortgages. The research team’s review of policy documents and research reports was enhanced by discussions with stakeholders, ongoing discussions with the State of Hawaii’s Department of Hawaiian Home Lands (DHHL), and the survey of households on the waiting list.

Key Findings

Key findings for this section include—

- The Hawaiian home lands are the only source of land and housing reserved exclusively for Native Hawaiians and eligibility for housing on the Hawaiian home lands is limited to the definition included in the Hawaiian Homes Commission Act (HHCA). DHHL provides homestead leases and housing assistance. Within DHHL, the Land Development Division, the Homestead Services Division, and the HALE Program (financial literacy services) manage the waiting list and the offering and awarding of available lots.
- DHHL cycles through the waiting lists every few years as lots are completed, but most people do not assume a lease when their name comes up. DHHL reported that applicants turn down leases because they do not qualify for a loan if the offering is a turnkey award, are not interested in the lot available, are waiting for property in a specific area, believe they are too old to take on a mortgage, or are living on the mainland and not ready to return to Hawaii. Other stakeholders also noted that households on the waiting list turn down leases because they face barriers to securing the necessary loan. This pattern of turning down lease offers and the associated reasons were confirmed in the survey of households on the waiting list. The waiting list cycling leads to a common misperception that the waiting list does not move or that people are “passed over” for leases.
- Homestead associations, beneficiary-controlled organizations that represent and serve the interests of their respective homestead communities, often engage in work related to economic development and self-sufficiency, community development, cultural preservation, community organizing, and improving overall quality of life. DHHL supports homestead associations through the provision of training and technical assistance and grantmaking and involves the associations through its beneficiary consultation process in its policy development, its regional and island-level planning processes, and other major program developments.
- HHCA beneficiaries tended to prefer free-standing homes. In the survey of households on the waiting list, 60 percent of the respondents listed an improved lot with a new house as their first choice, and 46 percent listed an improved lot with an existing house as their second choice. Further, only one-half of the households on the waiting list would be willing to accept a townhouse or multiplex unit rather than a single-family unit in an effort to get a home faster.
- In previous years, DHHL prioritized turnkey developments and did not offer as many vacant lot (owner-build) options. Some stakeholders think this practice

has made it harder for low- to moderate-income Native Hawaiians to have a lease on the Hawaiian home lands due to the higher cost of those homes. DHHL has piloted some rental and rent-to-own models as a strategy to better meet the needs of some lower-income HHCA beneficiaries. DHHL more recently revised its planned offerings to allow for more vacant lot opportunities for more owner-build or self-help options for prospective lessees.

- The trust nature of the land is a major constraint with building or purchasing homes on Hawaiian home lands. Private lenders are unwilling to lend to an HHCA beneficiary homebuyer because no mechanism would be in place to foreclose in the event of a borrower's default. To address this issue, a variety of federal programs have been designed to support homeownership on Hawaiian home lands.
- DHHL staff highlighted a number of ways they use Native Hawaiian Housing Block Grant (NHHBG) funds, including capital improvement, mortgage and home-repair loan financing, loss mitigation, and grants for model activities. Model activities include safety enhancements, organizational support, community policing, and other model activities that incorporate educational, cultural, and recreational activities for affordable-housing residents.
- One challenge related to Native American Housing Assistance and Self-Determination Act (NAHASDA) funding is that, because NHHBG is a federal funding stream, DHHL must pay prevailing wages as determined by the Davis-Bacon Act wage requirements. Although American Indian and Alaska Native tribes can apply their own prevailing wage rates in lieu of the federal ones, DHHL does not have

this authority. Stakeholders noted that the prevailing wage rates are often higher than market or labor union wage rates, increasing the cost of labor.

Hawaiian Home Lands Assistance

History of Hawaiian Landownership

Hawaiian home lands assistance grew out of changes in the land system in Hawaii and the displacement of Native Hawaiians from their traditional lands. Before contact with Europeans and the subsequent arrival of traders, whalers, missionaries, settlers, and other foreigners, inhabitants of Hawaii had no concept of private landownership. Land tenure was hierarchical. The basic land unit was controlled by a chief acting akin to a trustee, with land agents and subchiefs managing smaller amounts of land. At the bottom of the hierarchy, farmers worked the land to the common benefit. The arrival of Westerners altered the socioeconomic patterns, with the economy turning from primarily subsistence-based farming to one involved in international trade, disrupting traditional notions of land rights and responsibilities (Levy, 1975).

The 1840s marked the beginning of private landownership in Hawaii. An 1846 statute established a board of commissioners to overhaul the traditional land system. The period that followed is called the Great Mahele, which involved the division of land formerly controlled by the king and chiefs among the king, the chiefs, and the government. Commoners were allowed to submit claims for parcels of land to which they had a rightful claim under law. Although the Great Mahele was promoted as a benefit to the Hawaiian people, it ultimately contributed to dispossession for most Hawaiians, because only a small proportion of the land was distributed to commoners. In the aftermath of the Great Mahele, many

members of the Native Hawaiian community were further alienated from traditional lands, because some of the allotments were of poor quality for subsistence activities or were less useable because they were scattered near or throughout ranches and plantations, unprotected from cattle or ranch activities. By the end of this process, Native Hawaiians found themselves with legal control of only a very small proportion of the islands (La Crois and Roumasset, 1990; Linnekin, 1987).

Hawaiian Homes Commission Act of 1920

The HHCA of 1920, as amended, was passed by Congress and signed into law by President Warren Harding on July 9, 1921.⁴⁴ It provides for the self-sufficiency and well-being of the Native Hawaiian people through a government-sponsored homesteading program. Under HHCA, *Native Hawaiian* means a descendant of the aboriginal people who, prior to 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii.⁴⁵

HHCA created a Hawaiian Homes Commission to administer more than 200,000 acres of public lands in trust for the benefit of Native Hawaiians on the islands of Hawaii, Kauai, Lanai, Maui, Molokai, and Oahu. In 1959, Congress enacted the Hawaii Admission Act (Admission Act)⁴⁶ to admit the Territory of Hawaii into the United States as a state. In compliance with the Admission Act, a compact was to be adopted with the United States relating to the management and disposition of the Hawaiian home lands, and the new State of Hawaii adopted HHCA, as amended, through article XII of its constitution.

In section 223 of HHCA, Congress reserved to itself the right to alter, amend, or repeal HHCA. Consistent with this provision, section 4 of the Admission Act provides limitations on the State's administration of the Hawaiian Home Lands program and the federally created Hawaiian Home Lands Funds (hereafter referred to together as the Trust) and also provides that HHCA is subject to amendment or repeal by the State only with the consent of the Congress of the United States. Recognizing, however, that it was vesting the State with day-to-day administrative authority, Congress, in section 4 of the Admission Act, also provided exceptions within which the State could amend certain administrative provisions of HHCA without the consent of the Congress. HHCA is a cooperative federalism statute, a compound of interdependent federal and state law that establishes a federal law but also provides for implementation through state law.⁴⁷

Although Congress has repeatedly acknowledged its special political and trust relationship with the Native Hawaiian community since the overthrow of the Kingdom of Hawaii more than a century ago, the federal government does not maintain a formal government-to-government relationship with the Native Hawaiian community as an organized, sovereign entity. Further, no single agency in Hawaii is responsible for housing for the Native Hawaiian community, unlike the tribally designated housing entities (TDHEs) or tribal housing departments that operate housing programs in most other Native American communities. DHHL provides homestead leases and housing assistance only to those Native Hawaiians eligible for

44 Hawaiian Homes Commission Act of 1920, as amended, chapter 42, 42 Stat. 108.

45 Hawaiian Homes Commission Act of 1920, as amended, Title 2, Section 201(a).

46 Hawaii Admission Act of 1959, 73 Stat. 4. Section 1

47 See CFR Parts 47 and 48 *Federal Register*, 80 (91) May 12, 2015.

housing on the Hawaiian home lands under the HHCA definition. Other Hawaiians who do not qualify as HHCA beneficiaries must seek assistance through housing assistance programs serving all residents of Hawaii.⁴⁸

As discussed in section 5, DHHL maintains and manages the HHCA beneficiary waiting list for homestead leases, and the demand is consistently greater than the supply. In its 2012–2017 Strategic Goals and Objectives document (DHHL, 2012), DHHL recognizes this supply issue and includes objectives designed to expand “residential homesteading opportunities into areas such as Kauhale, multi-family homes, rental and transitional units.” DHHL indicates that its most recent initiative provides subsistence agricultural lots for qualifying Native Hawaiians interested in a rural lifestyle and an opportunity for self-help and owner-build options on these lots, which are often more affordable. This shift represents a departure from the existing emphasis on owner-occupied single-family homes on long-term leased lots. In addition to administering the homesteading program, DHHL leases trust lands not in homestead use at market value and issues revocable permits, licenses, and rights-of-entry. The income from these enterprises is used to supplement DHHL’s programs, including continued homestead development (DHHL, n.d. [a]).

Homestead Associations and Homeowner Associations

A homestead association is a beneficiary-controlled organization that represents and serves the interests of its homestead community and has as its stated purpose the representation of and provision of services to its homestead community. According to DHHL, about 50 homestead associations are in the various communities on the Hawaiian home lands. These

homestead associations are voluntary groups of residents that, although their specific activities vary, often engage in work related to economic development and self-sufficiency, community development, cultural preservation, community organizing, and improving overall quality of life. Examples of recent activities follow.

- Organizing community health and cultural education programs and events.
- Sponsoring cultural events featuring Hawaiian dance, music, and crafts.
- Building a community center, cultural center, or medical center.
- Promoting homestead cottage industries, including providing space for production and sales through local markets.
- Supporting a community garden to educate the community on local plants and foods.
- Developing and implementing conservation plans.
- Hosting community work days for community cleanup, planting native plants, or development projects such as building fences to control soil erosion.
- Organizing volunteer activities, such as community service.

Some of these organizations are nonprofit organizations that have federal tax-exempt status, and some are incorporated community development corporations. Some homestead associations have also joined together in larger community development, community service, and advocacy organizations. One example is the Kapolei Community Development Corporation, a collaboration of three or four homestead communities that aims to

48 The State of Hawaii Office of Hawaiian Affairs has from time to time established programs to assist Native Hawaiians with housing needs.

promote family and cultural preservation. The Sovereign Councils of the Hawaiian Homelands Assembly, an aggregate group that includes more than 20 homestead communities, engages in advocacy work to preserve the HHCA of 1920 and the land trust. It also advocates for the interests of Hawaiian home lands beneficiaries, including supporting a role for beneficiaries in decisionmaking, and works to build the self-sufficiency of member associations.

DHHL supports homestead associations through the provision of training and technical assistance and grantmaking, involves the associations in its program and policy development and its decisionmaking regarding land use and long-term land dispositions, and involves the associations in its regional planning processes. DHHL also provides homestead associations with leadership training, supports them in project planning and in applying for tax-exempt status, and has conducted a small number of environmental assessments for homestead associations. It has also provided grants to support a range of homestead association projects, including association development (for example, increasing membership, board training, and strategic planning), events (for example, festivals), community and land development (for example, building a community center, supporting a farmers market), and self-policing programs.

In addition, about a dozen homestead communities have homeowner associations (HOAs). HOAs in Hawaiian home land communities are mostly in newer, turnkey communities and have come into being through two primary means. In some cases, HOAs were already in place before DHHL's acquisition of the land, so these communities came with preexisting HOAs. In others, the communities chose to adopt HOAs. The HOA is responsible for promulgating and enforcing rules and guidelines for the operation and

maintenance of the community, which are developed to protect property values, preserve the characteristics of the homestead community, and establish the responsibilities of its members. Failure to comply with these rules could lead to the imposition of fines or, ultimately, in some cases, lease cancellation (DHHL, n.d. [b]). Although some stakeholders argued that HOAs are particularly necessary to preserve home values, a goal that is outside of DHHL's stated mission, others said that HOAs can create cultural appropriateness challenges, because some rules, such as prohibition of food-producing plants in a yard or leaving shoes outside, conflict with traditional Native Hawaiian cultural practices.

Housing Preferences Among Residents on Hawaiian Home Lands and Households on the Waiting List

This subsection discusses findings concerning location, home size and features, community amenities, and preferences for homeownership or renting based on the stakeholder interviews and survey of households on the waiting list.

Location

Location emerged as an important factor: households were willing to postpone accepting a homestead lease in order to get an offer in the right location. Of those households on the waiting list that had received a previous lease offer, nearly one-half (46 percent) turned it down because they did not like the location. Further, 60 percent of all households on the waiting list would not be willing to accept a lease in a less desirable location in order to receive a home faster. Some stakeholders mentioned that certain areas are preferred because they have strong Native Hawaiian communities and are often more affordable (for example, the leeward side of Oahu Island and the eastern Hilo side of Hawaii Island).

Home Features

Most of the stakeholders said that the cultural values surrounding family drive Native Hawaiians' desire for larger homes that can accommodate multifamily or extended family households. Having room to expand the home or build an additional home on the lot was desirable. Having sufficient onstreet and offstreet parking to accommodate all cars in a large household was also considered desirable. Stakeholders suggested that people often prefer older homesteads, which have larger lots, so they can accommodate these preferences.

Stakeholders also noted preferences among Native Hawaiians for large outdoor gathering spaces and climate-appropriate features. Native Hawaiians prefer to use outdoor areas like lanais and garages for gathering places and prefer these areas to be large “so people can come together.” Some stakeholders also indicated that outdoor kitchens are desirable and noted a preference for large hallways and windows placed to allow for natural drafts and ventilation, because it not only reflects island living but also reduces cooling costs.

According to the household survey, HHCA beneficiaries on the waiting list had similar preferences to Hawaiian home lands residents. The feature mentioned most often, by 68 percent of respondents, was “structurally conducive to climate,” which included features such as lanais, windows for cross-ventilation, and shading with roof line extensions. Exterior appearance was mentioned by 65 percent of respondents, followed by land to grow Hawaiian plants, fruits, and flowers (61 percent); parking for ohana, or extended family (59 percent); and number and types of rooms (55 percent). Of the respondents, 37 percent stated that such features were extremely important

factors in their housing preferences. When asked to report their most desired feature in a new home, the three most popular answers that households reported were more indoor space (19 percent), a certain number of bedrooms and/or bathrooms (19 percent), and a home with a yard or patio (14 percent).

Homeownership

Several stakeholders noted that Native Hawaiians tend to prefer homeownership over renting. A 2008 survey by the State of Hawaii Office of Hawaiian Affairs substantiated this point. Survey results indicated that 70 percent of Native Hawaiians on the waiting list for a Section 8 Housing Choice Voucher said they preferred homeownership to renting compared with 42 percent of other residents of Hawaii. Further, in the survey of households on the waiting list, less than 5 percent of households listed an apartment or condominium (types more commonly associated with renting) as their first or second choice type of DHHL property.⁴⁹ By contrast, 60 percent listed an improved lot with a new house as their first choice, and 46 percent listed an improved lot with an existing house as their second choice. Only one-half of the households on the waiting list would be willing to accept a townhouse or multiplex unit rather than a single-family unit in order to get a home faster.

Stakeholders gave several reasons that could be driving this preference. First, attaining homeownership in general is a source of pride. They also noted the status that is attached to having homeownership through a Hawaiian home lands lease; the lease indicates a connection to family, land, and Native Hawaiian identity. A few stakeholders also thought Native Hawaiians preferred homeownership because they perceive

49 Other options included improved lot with no house, improved lot with existing house, improved lot with new house, and townhouse or duplex.

fewer rules associated with it than with leasing. Older home land communities may also be preferred to newer developments with HOAs and the regulations that accompany them.

The household survey asked HHCA beneficiaries on the waiting list about the services and amenities that are most needed in their community, community attributes that were most important to them, and features they were looking for in a new community. The amenity that respondents most frequently mentioned was a grocery store or supermarket (60 percent), followed by medical services (50 percent). The most sought-after features in a new community were good housing quality, opportunity to grow things, less crime and fewer safety concerns, and more affordable housing, all mentioned by more than three-fourths of respondents. Further, most households cited the importance of personal ties when asked about whether certain reasons were important to them for wanting to live in a particular community. More than 60 percent of households on the waiting list said that having family and friends in a community, having always lived in a community or having historic ties there, or the ability to be an active member in the community as either very important or important in their choice of community. Further, 72 percent of the respondents listed the availability of government subsidies or assistance as very important or important.

Current DHHL Policies and Implications

Within DHHL, the Land Development Division, Homestead Services Division, and HALE Program manage the waiting list and

the offering and award of available lots. Lots become available individually when leases are surrendered or cancelled (for example, due to failure to pay loans or improve lots as agreed). Lots also become available when DHHL develops a planned community for contractor-built, self-help, and/or owner-build homes. The previous focus for DHHL was on turnkey developments rather than other development models. DHHL's house production volume varies. They had one project with 200 houses built in 1 year, but the most current cycle as of July 2014 had only about 100 houses planned.

Eligibility and the Residential Waiting List

DHHL reported that it cycles through the waiting lists every few years, as lots are completed, but most people do not assume a lease when their name moves to the top of the list. Applicants' reasons (as reported to DHHL) for turning down a lease offer included that they did not qualify for a loan for a turnkey offering, were not interested in the lot available, were waiting for property in a specific area, believed they were too old to take on a mortgage, or were living on the mainland and were not ready to return to Hawaii. Individuals may also be on the list for a long time if they want leases for each of their children, who have less than 50 percent blood quantum. Because people can be on the waiting list for only one residential lease at a time, additional leases that they wish to transfer require them to go through the process again,⁵⁰ with no guarantee they will be offered another lease due to constraints imposed by DHHL's rules. Other stakeholders in addition to DHHL staff also noted that households on the waiting list cycle through the waiting list because they face barriers

⁵⁰ The home lands have three types of leases: (1) residential (for a home to live in), (2) agricultural (for farming), and (3) pastoral (for ranching). Each individual may be on up to two waiting lists at a time, residential and agricultural or residential and pastoral, and may receive only one lot at a time. After receiving a lot, the individual may return to the waiting list, although the rules place conditions and restrictions on his or her ability to receive another residential lease (see Hawaii Administrative Rules 10-3-7 and 10-3-23).

to securing the necessary loan, such as insufficient downpayment, poor credit history, or insufficient income. Several stakeholders reported that some people on the waiting list never intend to take a lot but remain on the list because it is perceived to have status associated with it. A common misperception is that the waiting list does not move or that people are “passed over” for leases.

These trends were confirmed in the survey of households on the waiting list. About 55 percent of households had received an offer for a lease award from DHHL. Of those, about 65 percent had received one to five offers, and 35 percent had received more than five offers. The most common reasons for not accepting an offer included not liking the location (46 percent), not thinking they would qualify for the loan (32 percent), and not being able to relocate (11 percent).

Several stakeholders also thought that some HHCA beneficiaries do not put themselves on the waiting list because of misperceptions about the trust’s intended beneficiaries. These stakeholders mentioned that people have a common perception that the trust is meant to or should benefit low-income people or those who do not already own a house. If this misperception changed and these people joined the waiting list, stakeholders estimated the waiting list would be much longer.

Some stakeholders anticipated potential eligibility issues in the near future related to the blood quantum requirement; other stakeholders felt strongly that this was not an issue. Some stakeholders worried that, if trends of greater growth among the multiracial Native Hawaiian population persist, as time passes, fewer Native Hawaiians will meet the 50 percent requirement for lease eligibility and the 25 percent requirement for successorship. They were of the opinion that eligibility requirements eventually would

need to be reassessed to reflect this reality, so that Native Hawaiians can continue to benefit from the Hawaiian home lands. Other stakeholders disagreed that this was an issue. DHHL has not seen any decline in the rate of applications or leases. No data exist on the blood quantum or degree of ancestry among Native Hawaiians, so it is difficult to assess the concern about this issue.

DHHL Prioritization of Turnkey Development

In previous years, DHHL prioritized turnkey developments in preference to owner-build and other developments. To some stakeholders, DHHL’s focus on building turnkey developments as the primary mechanism for making leases was problematic because they believed this practice made it harder for low- to moderate-income HHCA beneficiaries to have a lease on the Hawaiian home lands due to the higher cost of those homes. As one stakeholder commented, “When your name comes up, you used to get a lot, but now you have to be able to build or buy on the lot.” DHHL’s shift to more expensive housing development may have exacerbated the problem of people staying on the waiting list for extended periods of time.

According to DHHL, the department’s earlier focus on turnkey developments was based, in part, on the need to efficiently and expeditiously manage the homebuilding and awards process and DHHL’s previous experience with owner-build and self-help awards. In the past, DHHL opened up lots and communities using an owner-build or self-help model in which the owner was responsible for building a home within a certain period of time. Some of the homes being completed had issues with long delays because of lack of access to capital, unexpected costs, builder scams, and other factors, leaving unimproved or partially

improved lots in communities that were otherwise complete. Stakeholders thought some self-help projects had failed because the planning and construction effort lacked sufficient structure, and consequently some lessees' homes were not built. DHHL tries to enforce leases if the lessees violate the lease by not building or using unapproved housing like buses, but it is reluctant to start the lease cancellation process because it ultimately wants the lots developed and for people to be housed. In addition, the lease cancellation process is expensive and time consuming, because finding the lessees can be challenging and requires a public notice process.

Despite challenges related to undeveloped lots and varied construction quality, several stakeholders emphasized that people need to have options other than contractor-built homes. Although stakeholders noted that some lessees, likely those who are older or otherwise unable to build their own home, will prefer the contractor model; others have skills that facilitate building a home that meets their needs in their price point without a contractor. They also emphasized that people need more time to build because some will be building slowly as they have the money. Self-help homes were reported to be very affordable, with a mortgage at completion for a three-bedroom, two-bathroom home at about \$70,000.⁵¹

Developable Land

One issue that DHHL contends with is the quality of the land. DHHL reported that much of the undeveloped land in the trust is undevelopable for residential purposes because of its remote or inaccessible

location and steep or rocky terrain. Even when these challenges do not make development impossible, they increase development costs. Some stakeholders believed that the lack of easily developable land contributed to the lack of affordable products provided by DHHL. DHHL purchases and exchanges trust land with other owners, but this practice is difficult when the land it has available for exchange is considered undesirable. Land-quality issues limit DHHL's development activities, which contributes to the perception that DHHL is not making enough leases and homes available to HHCA beneficiaries.

Aligning Development To Target Population Needs and Preferences

One of the most common critiques of DHHL's approach to housing development is that it does not meet the needs of its target population, including financial capacity, life-cycle changes, and cultural preferences. Some stakeholders emphasized the mismatch between the price of DHHL homes and the disproportionately lower-income population that DHHL serves. Stakeholders explained that many DHHL homes have sales prices in the \$200,000-to-\$300,000 or higher range, which low- and moderate-income Native Hawaiians cannot afford.

Stakeholders suggested using package homes, manufactured homes, and container homes to bring down housing prices on Hawaiian home lands. Package homes are packages with the plans and materials needed to build a home that can be put up by a contractor or even a homeowner. DHHL reported that it is possible to get an assembled package home for about \$150,000. By comparison, the least

⁵¹ DHHL reported that it has recently reviewed its lot offerings and adjusted the options to include a much larger number of vacant lots for applicants interested in an owner-build option or a self-help option. Stakeholder interviews were conducted in July 2014, before DHHL made these changes.

expensive turnkey home is about \$230,000. Package homes are considered a good option for lower-income owner-builders. Stakeholders mentioned they would buy the packages in bulk and release them as needed to further contain costs to lessees. Stakeholders also suggested other types of manufactured or modular homes and container homes. Although some stakeholders also mentioned mobile homes, which can be an affordable type of housing, no mobile homes are manufactured on the islands, and shipping from the mainland can be cost prohibitive. To assist with financing, DHHL recently rolled out a new “package home” financial product using NAHASDA funds for NAHASDA-eligible lessees with vacant lots that are owner-build (with a licensed contractor).

Most of the key stakeholders interviewed suggested the rental model as a strategy to better meet the needs of some lower-income Native Hawaiians. Providing rental units is a challenge for DHHL because it does not take people off the waiting list for a homestead lease, its central mission. Further, Native Hawaiians prefer homeownership over rental. Stakeholders also suggested that some kind of affordable or below-market rental transitional housing would be useful while people are waiting for a lease or preparing to qualify for a lease. One stakeholder suggested that NAHASDA money specifically could support rentals for HHCA beneficiaries with incomes between 50 and 80 percent or less than 50 percent of the Area Median Income (AMI).

DHHL is piloting approaches to rental housing and favors a rent with an option to purchase arrangement, because it would ultimately get people off the waiting list. A few examples of recent projects show that DHHL has begun to implement this approach to expand residential homesteading opportunities in new directions.

- One Oahu homestead community included 111 turnkey homes, 70 rentals with option to purchase, and 45 self-help homes.
- DHHL also supported the development of rental housing on Nanakuli, an existing homestead. The 48-unit building has one- to three-bedroom units and is on property leased to the homestead association and developed and managed by the association’s partner organizations. It targets low-income tenants by setting pricing at 30 percent of the tenant’s income. The rental housing is attached to a community center and has services nearby. This project, the first of its kind, was financed by the U.S. Department of Agriculture, a Community Development Block Grant (CDBG), and low-income housing tax credits on land leased from DHHL at a very low rate. Because the project used CDBG and other federal funding, however, occupancy could not be restricted to Native Hawaiians.
- Another model on Waimanalo homestead provides affordable rentals for elderly Native Hawaiians on land leased from DHHL. The 81-unit development is fully rented and has a waiting list. The rental units are owned and managed by a nonprofit organization. One challenge with senior housing is an observed tendency for other family members to move into the senior rental unit, resulting in overcrowding and violating the terms of the leases, which restrict the community by residents’ age, except in certain limited circumstances.

Although Native Hawaiians tend to prefer larger homes that accommodate extended families and have outdoor gathering spaces, some stakeholders observed that DHHL is building homes on increasingly smaller lots with limited space for parking, outdoor gathering areas, and room for expansion.

Some stakeholders also argued that DHHL should build a range of different types of units to better accommodate people at different stages of their lives (for example, singles, couples with children, and seniors). For example, one stakeholder suggested that single adults might prefer condos, townhomes, or apartments, rather than single-family detached homes. To better understand these needs, stakeholders suggested that DHHL should include an advisory group of HHCA beneficiaries throughout the planning process for a new development, so that DHHL can include this type of input in its decisionmaking. The survey of households on the waiting list suggests (as noted previously) that most households actually prefer a single-family detached home.

Role of the Native Hawaiian Housing Block Grant and the Native American Housing Assistance and Self-Determination Act

In addition to managing the Hawaiian Home Lands program for homesteading opportunities by HHCA beneficiaries, DHHL also administers federal grant funding provided through NHHBG, which is authorized by an amendment to NAHASDA. These funds can be spent only on the Hawaiian home lands. NHHBG has been an important funding mechanism for DHHL in developing housing and infrastructure on Hawaiian home lands. DHHL is the only designated recipient of NHHBG funds, and their use is restricted to HHCA beneficiaries whose total household income is at or less than 80 percent of the established AMI levels for their respective counties and who have, or have been offered, a lease on the home lands. Native Hawaiians have no equivalent of the TDHEs that receive HUD funds and administer HUD programs for American Indians and Alaska Natives living

on reservations and other tribal areas. DHHL is the major developer of affordable housing that specifically targets Native Hawaiians.

According to their *2014 Annual Performance Report* (DHHL, 2014a), DHHL has used or is planning to use these funds for eligible housing-related activities, including the following.

- Acquiring real property (land or existing housing units) to add to the inventory of affordable housing for Native Hawaiians.
- Capitalizing a revolving loan fund for purpose of homeownership among NAHASDA-eligible Native Hawaiian households.
- Providing financial assistance to qualified prospective homeowners (for example, through downpayment assistance, funding of individual development accounts, low interest-rate loans, and other products).
- Increasing alternative energy resources or other programs for eligible Native Hawaiian households.
- Reducing the number of homes in need of repair or replacement or to relieve overcrowding in homes occupied by low-income Native Hawaiian households.
- Developing educational and training programs to address financial, home repair, or home maintenance needs in eligible Native Hawaiian households.
- Subgranting funds to support self-help home repair, energy retrofits, homeownership counseling, and individual development accounts.
- Developing infrastructure.
- Funding staff positions to administer the program.

During stakeholder interviews, DHHL staff highlighted a number of ways they use NHHBG funds, including capital improvement, environmental assessments, mortgage and home-repair loan financing, loss mitigation, and grants for model activities.

- **Capital improvement.** NHHBG funds are used to subsidize infrastructure development on previously undeveloped Hawaiian home lands. Lessees do not pay the costs to install basic infrastructure (for example, hookups to water, electricity, sewer). When the lessee meets the 80 percent AMI requirement, these costs are paid for using NHHBG funds; when the lessee's income is more than 80 percent AMI, the costs are absorbed by trust funds.
- **Environmental assessments.** NHHBG funds are also used to pay for environmental assessments used in planning. DHHL reported that \$1.5 million is currently allocated for this purpose.
- **Direct loans and home repair loans.** DHHL uses NHHBG to fund its direct loan program and its home-repair loan program. These programs are discussed in more detail in the subsection regarding mortgage access.
- **Loss mitigation.** DHHL uses NHHBG to fund its HALE Program, which works with lessees to refinance their loans down to 4.5 percent. As a condition of receiving NHHBG assistance, lessees participate in financial training. DHHL staff have counseling experience and provide direct assistance to lessees. DHHL also has contracts with five HUD-certified counseling agencies to provide financial education and training.

- **Model activities grants.** DHHL uses NHHBG funds to make grants to local public entities; nonprofit organizations, including homestead organizations; and for-profit corporations for activities that address a wide variety of needs, including public safety needs, organizational needs, other model activities (such as community policing), and activities that incorporate educational, cultural, and recreational activities for affordable-housing residents. The minimum grant size is \$10,000, and the grant has no maximum and no matching requirements, except when funds are used for activities within communities. The activities must serve households who meet NAHASDA's 80 percent of AMI guideline.

NHHBG Challenges

DHHL staff reported that the NHHBG works well overall and produces good outcomes with what they have used. DHHL and other stakeholders did mention several challenges.

One challenge is the Davis-Bacon Act wage rate requirement. Because NHHBG is a federal funding stream, DHHL must pay prevailing wages as determined by the Davis-Bacon Act wage requirements, including for self-built units. Although American Indian and Alaska Native tribes on the continental United States can apply their own prevailing wage rates in lieu of the federal ones, DHHL does not have this authority. Stakeholders noted that the prevailing wage rates are often higher than market or labor union wage rates, increasing the cost of labor. They argued that this policy increases the cost of housing. One Habitat for Humanity affiliate also said that the contractors they use are willing to offer lower labor costs because they are committed to serving the lower-income population (and can charge higher rates on major developments), but

they are not allowed to do so on federally funded projects due to the Davis-Bacon Act requirement. Volunteer labor defrays the cost, but only for construction, because any of the licensed work has to be done by licensed contractors at the prevailing wage. Stakeholders suggested that an exclusion to Davis-Bacon Act requirements for projects of a small size (for example, fewer than 10 units, minor repairs, less than a specific percentage amount) would be helpful. Another suggestion was to exclude small contractors or allow small contractors to make the decision on a project-by-project basis.

Stakeholders also noted two other challenges related to federal regulations. First, stakeholders identified the requirement for federally required environmental reviews, which are perceived to be burdensome and the source of major delays in housing development. Second, a few stakeholders also thought that the method of qualifying beneficiaries for NAHASDA assistance based on income is not flexible enough because it does not allow for adjustments to income.

A few stakeholders said they thought that using DHHL as the administrator of NAHASDA funding is a limitation. Some stakeholders explained that DHHL limits the eligibility for the grant, because it serves only the population that is 50 percent or more Native Hawaiian. One stakeholder said, “The majority of people now are less than 50 percent and they need housing just as bad as anybody else.” A suggestion for changing this was to allow NAHASDA funds to be used to benefit anyone who is any part Native Hawaiian or who self-identifies as Native Hawaiian.

A few stakeholders also mentioned the bureaucratic and political nature of state agencies as a limitation. These stakeholders have a perception that agency processes

and inefficiencies get in the way of serving the people and often lead to decisions that are not in the best interest of the people. This perception is very much linked to a perception that politics and changing administrations “get in the way of serving the people.” The appointees in the top positions change every 2 to 4 years, which can change departmental priorities, staff, policies, and internal processes and create disruption in programs and services for beneficiaries. An alternative proposed by two service providers was for one or more community-based organizations or community development corporations to serve as the equivalent of the TDHE in Hawaii, because they have strong connections to the beneficiary base in the community and do not have the same limitations as a state agency. A small number of other stakeholders expressed dissatisfaction with DHHL because it has not spent down its NHHBG funds enough. One stakeholder was concerned that the unspent money sends the wrong message to Congress by implying that Native Hawaiians do not need housing funds.

However, discussions with DHHL indicate that there was a period during which spending was delayed due to changes in administration and associated staff turnover and that further delays were caused by the process of coming into compliance with federal regulations required at that time.

DHHL Funding Limitations

Although it gets some additional funding for its operations through principal interest on loans, home sales, nonhomestead income-generating leases, and its water system, DHHL is experiencing significant budget cuts from NHHBG and other important funding streams. In the President’s Fiscal Year (FY) 2016 Budget to Congress, the NHHBG budget request was zero; the FY

2015 Omnibus Appropriations Bill funded this program at \$9 million. This elimination in funding will likely have a significant impact on DHHL's ability to carry out its mission.

DHHL does not always receive an appropriation of general funds from the State to cover administrative and operational expenses. DHHL did secure an appropriation for FY 2013, its first since 2010 (DHHL, 2014b). Funding for DHHL has been the subject of a longstanding lawsuit *Nelson v. Hawaiian Homes Commission*.⁵² In 2007, plaintiffs, beneficiaries of HHCA, filed suit against the State of Hawaii and the Hawaiian Homes Commission for failing to adequately fund DHHL as mandated by the Hawaii constitution. In November 2015, the Hawaii Supreme Court concluded that the State failed to meet its constitutional obligation to provide sufficient sums for the DHHL's administrative and operating budget and ordered the State of Hawaii to fulfill its constitutional duty by appropriating sufficient general funds to the DHHL for its administrative and operating budget so

that DHHL does not need to use or rely on revenue directly or indirectly from general leases to pay for these expenses. The Court's most recent decision, in February 2016, requires the State to fund DHHL's administrative and operating expenses by making sufficient general funds available to DHHL for its administrative and operating budget for FY 2015–2016 and to prospectively fulfill its constitutional duties and trust responsibilities. Although it is not clear what the legislature and governor will do next, they will likely face renewed pressure to increase DHHL's funding.

Another major source of funding used to develop housing ended in 2015. A \$600 million land settlement reached with the State in 1995 has been paid to DHHL in increments of \$30 million per year during the past 20 years. These funds have been used to subsidize the development of homesteads and infrastructure on homesteads for families that do not qualify for assistance under NAHASDA.

⁵² <http://dhhl.hawaii.gov/wp-content/uploads/2013/01/Nelson-Case-Summary.pdf>.

Section 7. Conclusions

Overall, the Native Hawaiian population faces greater levels of disadvantage than does the other residents of Hawaii population, and HHCA beneficiaries on the waiting list for homestead leases on the Hawaiian home lands face even greater challenges. By contrast, those currently living on the Hawaiian home lands appear to have higher incomes and significantly lower rates of affordability problems. This situation could be due in part to the ability of financially better-off Hawaiian Homes Commission Act (HHCA) beneficiaries to assume leases more often because they are able to obtain the necessary loan and the inability of those who are worse off to obtain loans, requiring them to stay on the waiting list. The evidence also suggests the benefits of home lands housing and supports continuous and increased NHHBG and other funding to support infrastructure, housing development, and housing assistance for low-income HHCA beneficiaries. This section reviews the main descriptive findings on the overall Native Hawaiian population and HHCA beneficiaries on the waiting list for a homestead lease, reviews Native American Housing Assistance and Self-Determination Act (NAHASDA)-related policy issues, and estimates the need for Native Hawaiian Housing Block Grant (NHHBG) assistance.

The Native Hawaiian Population in Hawaii

Recent decades have seen important changes in the Native Hawaiian population and its distribution across Hawaii. Relatively fast growth of the Native Hawaiian population and disproportionate growth across counties suggest changing socioeconomic profiles and housing needs now and in the future. Although the

Native Hawaiian population in the state of Hawaii grew at twice the rate of the state's population overall, all the increase occurred in the group that identified as Native Hawaiian in combination with another race. The pattern of growth for the total population across the counties in Hawaii has shifted over time in response to policies to slow development in Honolulu County.

The Native Hawaiian population tends to be more disadvantaged than does the residents of Hawaii population. The Native Hawaiian population is younger, with larger shares of children and smaller shares of seniors than is the residents of Hawaii population, and Native Hawaiian households are larger than residents of Hawaii households. Although improvements were made in the decade from 2000 to 2010, Native Hawaiians continue to have lower incomes, higher rates of means-tested public assistance receipt, and higher poverty rates than do residents of Hawaii. Furthermore, Native Hawaiians were disproportionately hurt by the Great Recession. From 2008 to 2011, the economic conditions for Native Hawaiians worsened across all the indicators examined, increasing the burden of their employment, income, and poverty challenges.

Despite housing stock growth that has kept pace with the United States overall, households in Hawaii continue to face a tight rental market and high housing costs. Within the state, Honolulu County saw the least new development, reflecting the state's development priorities in these areas. Vacancy rates among units available for permanent residences in Hawaii are similar to rates in the United States overall for homeowner units and are lower for rental units, suggesting a tighter rental market. The cost of living in Hawaii is high, and residents face high rents and utility costs. Native Hawaiians are more burdened by these issues because they have disproportionately

low incomes. The cost of homeownership in Hawaii is high. Although housing is less expensive on the Hawaiian home lands, it is still not affordable for many HHCA beneficiaries eligible for NAHASDA, in part because infrastructure and development costs in some areas of the Hawaiian home lands are high.

It appears that one way Native Hawaiians have approached these challenges is by having larger households and potentially more multiple or extended family arrangements. Lower personal income may be masked at the household level by pooling of incomes from multiple household members, leading to overcrowding. This study's findings on housing problems support this possibility. The biggest housing problems experienced by Native Hawaiian households were overcrowding and affordability. Native Hawaiian households were nearly twice as likely as other residents of Hawaii households to have problems with overcrowding and severe overcrowding.

Native Hawaiians on the Hawaiian Home Lands Waiting List

Overall, the analyses conducted for this study showed that households on the waiting list for a homestead lease tend to be most demographically similar to Hawaiian home lands households, but households on the waiting list experience the highest rates of disadvantage and housing problems. Households on the waiting list have substantially lower incomes and receive public cash assistance at much higher rates than do households on Hawaiian home lands, Native Hawaiian households, and residents of Hawaii households. Households on the waiting list also experience all types of housing problems at higher rates than do households on Hawaiian home lands, Native Hawaiian households, and residents of Hawaii households.

Many (63 percent) renters on the waiting list who would prefer to own a home are unable to do so, because they cannot afford a downpayment or save enough money for a house. Although the survey sample was drawn from all waiting list applicants and was not limited to NAHASDA-eligible Native Hawaiians (those at less than 80 percent of the Area Median Income), the research team estimated that about one-half of this population had incomes that would qualify for NAHASDA assistance. This study used this information to conclude that a need for NAHASDA funds exists to support downpayment assistance, credit counseling, and homebuyer education and also the development of larger homes suited to the household sizes of this population.

NAHASDA Assistance on the Hawaiian Home Lands

Regarding support for Native Hawaiian housing under NAHASDA, Hawaii is a unique case. Although Congress has repeatedly acknowledged its special political and trust relationship with the Native Hawaiian community since the overthrow of the Kingdom of Hawaii more than a century ago, the federal government does not maintain a formal government-to-government relationship with the Native Hawaiian community as an organized, sovereign entity. Further, no single agency in Hawaii is responsible for housing for Native Hawaiians, unlike tribally designated housing entities (TDHEs) or tribal housing departments that operate housing programs in most American Indian and Alaska Native communities. The lack of a TDHE or TDHE equivalent also limits flexibility and autonomy, such as in determination of the State of Hawaii Department of Hawaiian Home Lands' (DHHL's) own prevailing wage rate rather than the standard Davis-Bacon Act prevailing wage.

Because NAHASDA assistance for Native Hawaiians through NHHBG is limited to low-income HHCA beneficiary households on the Hawaiian home lands, the assistance is subject to additional eligibility requirements that limit the program's reach. As a State agency and the only recipient of the NAHASDA funds in Hawaii, DHHL can provide homestead leases and housing assistance to only those Native Hawaiians eligible for housing on the Hawaiian home lands under the HHCA definition, which requires that beneficiaries be at least 50 percent Native Hawaiian. NHHBG currently cannot be used to assist otherwise eligible Native Hawaiian families with housing assistance outside the Hawaiian home lands. Native Hawaiians who are ineligible for homestead leases must seek assistance through housing assistance programs serving all residents of Hawaii, like the Housing Choice Voucher program, which has closed waiting lists throughout the state.

Estimating the Need for NHHBG Assistance

Native Hawaiians living on the Hawaiian home lands are better off than other Native Hawaiians, particularly regarding affordability; those on the waiting list struggle the most with affordability problems. This evidence suggests a clear advantage of housing on the Hawaiian home lands for those who meet the

eligibility criteria and supports continuous and increased funding to support infrastructure, housing development, and housing assistance for low-income HHCA beneficiaries. At the same time, the significant housing challenges that all Native Hawaiians in the state face raise the question of whether NHHBG assistance should be limited to the Hawaiian home lands.

For context, the research team estimated roughly the proportion of the Native Hawaiian population that could potentially be eligible for housing on the Hawaiian home lands under current law.

As shown in exhibit 7.1, the number of households on the waiting list plus the number of households already on the home lands yields an estimate of 20,500 households eligible for a home lands lease, or approximately 30 percent of all Native Hawaiian households in Hawaii.

To estimate the number of Native Hawaiian households eligible for NHHBG assistance that are not being supported, the research team estimates that about half of the 14,350 (or 7,175) households on the DHHL waiting list have incomes below 80 percent of AMI and therefore could qualify for NHHBG assistance.⁵³ These estimates suggest a need to consider ways to expand assistance to more HHCA beneficiaries and also to assist those not served by the NHHBG.

53 This estimate is an approximation, because some households reside on the home lands and are also on the waiting list, which may result in an overestimate. This calculation does not include an estimate of households that are eligible for the home lands but did not apply for a lease on the home lands and are not on the waiting list, which may result in an underestimate.

Exhibit 7.1. Native Hawaiian Households Potentially Eligible for NAHASDA Assistance

	State of Hawaii Total	Hawaii County	Honolulu County	Kauai County	Maui County	Kalawao County
Total Native Hawaiian households	69,330	13,957	42,261	3,856	9,221	35
Native Hawaiian alone	22,755	4,917	12,950	1,476	3,385	27
Native Hawaiian multiracial	46,575	9,040	29,311	2,380	5,836	8
Native Hawaiian households on the Hawaiian home lands	6,150	1,305	3,203	490	1,152	
Native Hawaiian alone	3,377	745	1,723	288	621	
Native Hawaiian in multiracial	2,773	560	1,480	202	531	
Native Hawaiian households on waiting list	14,350	2,986	8,423	782	2,159	
Percent of households on Hawaiian home lands—all Native Hawaiian	8.9	9.4	7.6	12.7	12.5	
Native Hawaiian alone	14.8	15.2	13.3	19.5	18.3	
Native Hawaiian multiracial	6.0	6.2	5.0	8.5	9.1	
Percent of households on waiting list—all Native Hawaiian	20.7	21.4	19.9	20.3	23.4	
Native Hawaiian alone	63.1	60.7	65.00	53.00	63.8	
Native Hawaiian multiracial	30.8	33.0	28.7	32.9	37.00	
Total potentially served by NAHASDA	29.6					

NAHASDA = Native American Housing Assistance and Self-Determination Act of 1996.

Notes: Kalawao County population numbers are calculated by subtracting census totals for other counties from the State of Hawaii census numbers. Household counts for the Hawaiian home lands include the 27 most populous home lands, the only ones for which data on the number of Native Hawaiian-headed households were available. Because data are unavailable due to their small size, we cannot include household counts for the remaining 27 inhabited home lands. However, because these home lands are only home to 3 percent of the total home lands population, this issue does not affect our overall conclusions by a significant amount. Waiting list numbers include only applicants for residential homesteads who were deemed eligible for the survey, which excludes those who live on the mainland, have invalid addresses, are deceased, or are applicants who have not yet provided full documentation indicating Native Hawaiian status.

Sources: decennial census 2010 for all population numbers except waiting list; DHHL for waiting list numbers as of 2013 (the time that the sampling frame was defined for the household survey)

Glossary

beneficiary: See *HHCA beneficiary*.

condotel: A privately owned property, with generally small units (up to three bedrooms) built in multifamily style that share common amenities and a paid third-party management firm that provides services for the property in the manner of a hotel (for example, facilitating short-term rentals, housekeeping, maintenance). Most major hotel brands have entered the condotel market. Villas and other free-standing residences in the same arrangement are often called “fractionals” (Bradley-Hole, 2007).

GED: general education development. General education development tests are a group of four subject tests which, when passed, provide certification that the test taker has achieved American or Canadian high school-level academic skills.

HALE Program: Established in 2014 by the Department of Hawaiian Home Lands, this program aids beneficiaries with financial literacy services. HALE currently offers two types of services for beneficiaries: (1) homebuyer education classes and (2) foreclosure prevention management. *HALE* means “house” in ʻōlelo Hawaiʻi.

Hawaiian home lands homestead association: A beneficiary-controlled organization that represents and serves the interests of its homestead community and has as a stated purpose the representation of and provision of services to its homestead community.

Hawaiian Homes Commission Act (HHCA): Section 201 of HHCA states that “Native Hawaiian means any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.”

HHCA beneficiary: A person with a Native Hawaiian blood quantum of at least 50 percent. Further defined in PL 104-42, the term has “the same meaning as is given the term native Hawaiian under section 201(7) of the Hawaiian Homes Commission Act.” HHCA beneficiaries include both HHCA lessees and those HHCA beneficiary households that are on the waiting list.

HHCA lessee: A person who is one of the following.

- An HHCA beneficiary who has been awarded a lease under section 207(a) of the HHCA.
- A Native Hawaiian (blood quantum of 25 percent or more) to whom land has been transferred under section 208 of the HHCA.
- A Native Hawaiian (blood quantum of 25 percent or more) successor lessee under section 209 of the HHCA.

homeowners association (HOA): A homeowners association; a corporation formed by a real estate developer for the purpose of marketing, managing, and selling homes and lots in a residential subdivision. Ownership of the association is transferred to the homeowners after selling off a predetermined number of lots. Membership in the HOA by a residential buyer is typically a condition of purchase.

lessee: See *HHCA lessee*.

low-income housing tax credit (LIHTC): Low-income housing tax credit. Created by the Tax Reform Act of 1986, the LIHTC Program gives state and local LIHTC-allocating agencies the equivalent of nearly \$8 billion in annual budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households.

Native American Housing Assistance and Self-Determination Act (NAHASDA): Native American Housing Assistance and Self-Determination Act. Signed on October 26, 1996, this act replaced myriad programs that previously had provided housing assistance to Native American tribes under the U.S. Housing Act of 1937 with a block grant that allowed tribes or their tribally designated housing entities (also called TDHEs) more flexibility to decide whom to serve, what services to offer, and how to deliver programs and services. As with the 1937 Act, under NAHASDA, tribes are still required to primarily serve low-income households. The income-eligible population of Native Hawaiian HHCA beneficiaries receives federal housing funds through the Native Hawaiian Housing Block Grant program, which is authorized by an amendment NAHASDA.

Native Hawaiian: Individuals who self-identified on the U.S. census as Hawaiian as their only race (termed Native Hawaiian alone) and those who identified as being Native Hawaiian and at least one other race (termed Native Hawaiian in combination in the U.S. Census and Native Hawaiian multiracial in this report). A lower case “n” (“native Hawaiian”) is sometimes used refer to the subset of all Native Hawaiians who meet the blood quantum requirements set out in the Hawaiian Homes Commission Act and defined for purposes of eligibility for homestead leases, as “any descendant of not less than one-half part of the blood of the races inhabiting the Hawaiian Islands previous to 1778.” In this report, the term HHCA beneficiary is used rather than native Hawaiian.

Native Hawaiian community: Congress uses two approaches to defining the Native Hawaiian community (see previous glossary entry)—the definition that is used in HHCA (and is used in this report) and a broader

definition that includes any U.S. citizen who descends from the aboriginal people who, before 1778, occupied and exercised sovereignty in the area that now constitutes the State of Hawaii (U.S. Department of the Interior, 2015).

Native Hawaiian Housing Block Grant program (NHHBG): Native Hawaiian Housing Block Grant program (authorized by an amendment to NAHASDA) through which the HHCA beneficiaries receive federal housing funds.

Office of Hawaiian Affairs (OHA): A public agency of the State of Hawaii responsible for improving the well-being of Native Hawaiians; has three overarching objectives: (1) advocacy to improve the conditions of Native Hawaiians in the areas of land, culture, economic self-sufficiency, education, governance, and health through research and policy activities; (2) providing resources to support improving conditions for Native Hawaiians, including scholarships, loans (for example, business, home improvement and repair, debt consolidation, and continuing education), and grants to community-based organizations that support the focus of the strategic plan; and (3) facilitating collaboration across the islands to help achieve broad, lasting change in the Hawaiian community. The agency receives some funding from the State legislature, but much comes from land revenues (for example, rental of trust lands).

other family arrangement: A category defined by the U.S. Census Bureau as male- or female-headed households without children under age 18 (Pettit et al., 2014).

residents of Hawaii: In this report, those who live in the state of Hawaii but who do not identify as Native Hawaiian. In general parlance, people who live in Hawaii or who come from Hawaii are not all referred to as *Hawaiian*. The term *Hawaiian* is used

to describe members of the ethnic group indigenous to the Hawaiian Islands. *Hawaii resident* or *islander* describes anyone who lives in the state (Section 3, Definitions, of Senate Bill No. 147, March 2005, sponsored by Senator Daniel Akaka).

tribally designated housing entity (TDHE): Tribally designated housing entity designated by each tribe that is responsible for administering its housing assistance program that is funded by the federal government.

List of Acronyms

ACS: American Community Survey

AMI: Area Median Income

CDBG: Community Development Block Grant

CDC: Community Development Corporation

DHHL: Department of Hawaiian Home Lands

HHCA: Hawaiian Homes Commission Act

HOA: Home Owners Association

HUD: U.S. Department of Housing and Urban Development.

LIHTC: Low-income housing tax credit

NAHASDA: Native American Housing Assistance and Self-Determination Act

NHHBG: Native Hawaiian Housing Block Grant

PUMS: Public Use Microdata Sample (census).

SNAP: Supplemental Nutrition Assistance Program, formerly called the Food Stamp Program.

TANF: Temporary Assistance for Needy Families.

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