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Analysis of the
**NEIGHBOR ISLANDS, HAWAII
HOUSING MARKET**

as of April 1, 1967 /

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A Report by the
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
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ANALYSIS OF THE
NEIGHBOR ISLANDS, HAWAII, HOUSING MARKET
AS OF APRIL 1, 1967

Field Market Analysis Service
U.S. Federal Housing Administration
" Department of Housing and Urban Development

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Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science, the judgmental factor is important in the development of findings and conclusions. There will be differences of opinion, of course, in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst and the FHA Market Analysis and Research Section.

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ANALYSIS OF THE
NEIGHBOR ISLANDS, HAWAII, HOUSING MARKET
AS OF APRIL 1, 1967

Summary and Conclusions

1. The economy of the Neighbor Islands has been based largely upon cattle ranching and pineapple and sugar cane growing and processing. In recent years, however, tourists have come to the islands in increasing numbers and have added new vigor to the local economies. This has been reflected in increasing employment levels in the trade and service industries despite a loss of employment in agriculture because of mechanization. Average employment in 1966 in Hawaii, Kauai, and Maui, respectively, was 23,800, 11,600, and 15,500. An annual increase of 600 jobs in Hawaii, 300 in Kauai, and 600 in Maui may be anticipated, assuming a continuation of the present rate of growth of tourism. Unemployment has been at modest levels, averaging 3.9 percent in each county in 1966.
2. The median income of all families in Hawaii in April 1967 was about \$6,350, after deduction of federal income taxes; in Kauai, it was \$6,700; in Maui, the median was \$6,600. Renter households of two-or-more persons, after deduction of federal income taxes, had median incomes of \$5,200 in Hawaii, \$5,450 in Kauai, and \$5,400 in Maui.
3. As of July 1, 1966, the State of Hawaii Department of Health estimated the respective populations of Hawaii, Kauai, and Maui Counties at 61,025, 27,450, and 49,450. The estimates reflect declines of about 300 in Hawaii County and 725 in Kauai County, and an increase of 6,875 in Maui County since April 1960. The Department of Planning and Economic Development, State of Hawaii, forecasts that resident population growth by July 1, 1970 will total about 500 persons in Hawaii County, 1,850 persons in Kauai County, and 1,700 in Maui County.
4. Notwithstanding relatively low rates of population growth, building activity has been at high levels with 1966 volume reaching 680 units in Hawaii County, 223 units in Kauai County, and 451 units in Maui County. Much of the new construction has been for replacement and for secondary homes for persons from Honolulu and the U.S. mainland. Apartment construction, mostly for visitors, has been increasing.

5. Overall vacancy rates for the three islands are not available. However, postal vacancy surveys in March 1967 in areas with home delivery service suggest that available vacancy is low, considering the number of accommodations available primarily to visitors. Many vacant residences also are held for absentee owners.
6. The demand for housing arising from growth, replacement, and visitors (secondary homes) is estimated at 500 to 600 units annually in Hawaii County, 200 to 250 units a year in Kauai County, and about 450 units yearly in Maui County. Presale of single-family houses is customary and should be continued in an area dominated by a demand for secondary homes. Most of the single-family demand from the resident population will be for low priced homes.
7. The demand for apartments from the resident population is nominal, excluding demand for low-rent public housing and rent-supplement accommodations. New rental housing could be absorbed in increments of about 20 to 25 units in both Hawaii County and Maui County, and 10 to 12 units in Kauai County, if provided at rentals achievable only with some form of public benefits or assistance. The absorption of each increment should be watched carefully, however, before proceeding with additional projects.

ANALYSIS OF THE
NEIGHBOR ISLANDS, HAWAII, HOUSING MARKET
AS OF APRIL 1, 1967

Housing Market Area

The Neighbor Islands of Hawaii considered in this analysis are the islands of Hawaii, Kauai, and Maui, the largest and most populated islands in the state outside Oahu. The island of Hawaii is the largest, 4,021 square miles, lies about 200 miles southeast of Honolulu, and had a 1960 population of 61,332. The island of Kauai is the smallest, 551 square miles, lies 102 miles northwest of Honolulu and had a 1960 population of 27,922. The island of Maui, 728 square miles, is situated between Oahu and Hawaii; it is 101 miles from Honolulu and had a 1960 population of 35,717.

Inter-island air transportation is provided by Hawaiian Airlines and Aloha Airlines; the principal contact with the rest of the world is via Oahu. From Honolulu, frequent daily flights are provided to major U.S. cities and to other continents and subcontinents by domestic and foreign carriers. Highways on the islands of Hawaii, Kauai, and Maui are well developed between the populated areas and are considered to be adequate. There is no railway passenger service.

The island of Hawaii, the only land area in Hawaii County, is commonly called the "Big Island" and includes almost 63 percent of the land area of the entire state. Its principal industries are sugar growing and milling, cattle ranching, tourism, and a diversified agriculture. The island has coffee groves (the only other coffee grown in the U.S. or its possessions is in Puerto Rico), the largest orchid growing and export business in the world, and a rapidly expanding production of papayas, macadamia nuts, and tropical flowers and foliage. The principal urban area is Hilo, with a 1960 population of 25,966.

The islands of Kauai and Niihau are the two northern-most inhabited islands of Hawaii and, with the tiny uninhabited islands of Kaula and Lihue, comprise Kauai County. In 1960, over 99 percent of the county population resided on the island of Kauai. Sugar cane and pineapple growing and processing and tourism are the principal industries. A small space tracking station is located at Barking Sands, in northwest Kauai island. The principal urban area is Lihue with a 1960 population of 3,908.

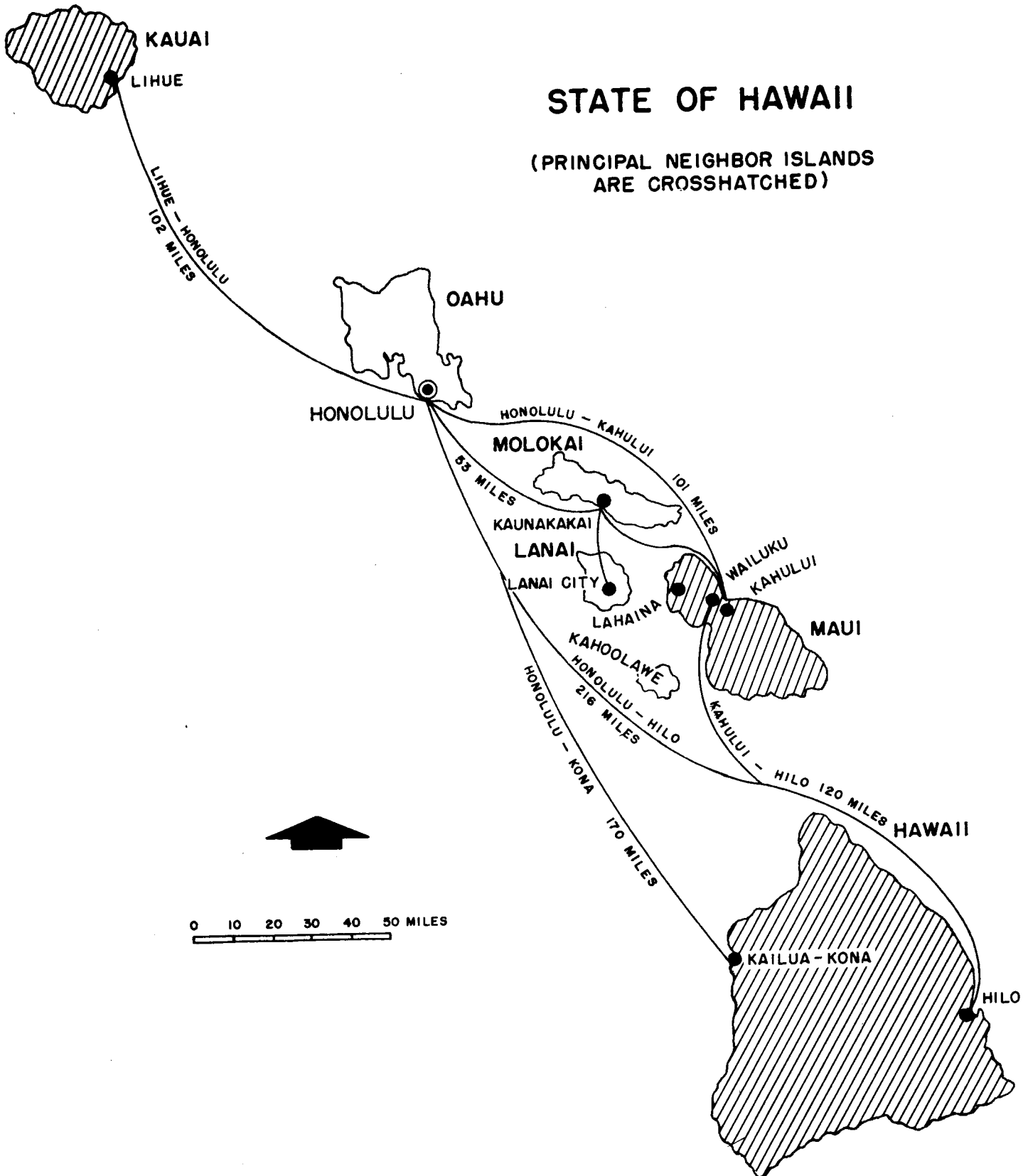
The island of Maui, with the islands of Molokai, Lanai, and the uninhabited island of Kahului, comprise Maui County. Maui island had 84 percent of the population of the county in 1960; it is the center of trade and tourism and has an extensive sugar cane and pineapple industry. The principal urban areas are Kahului, Lahaina, and Wailuku, with 1960 populations of 4,223, 3,423, and 6,969, respectively.

Tourism has had a rapid growth in all of the Neighbor Islands. Inter-island airport passengers in 1966 were about double the volume of the early 1960's (see table I). These data, however, indicate a net out-migration from all three islands, except in most recent years, with a cumulative total loss since 1960 of over 15,000 from Hawaii, 5,650 from Kauai, and 4,750 from Maui. The increasing volume of tourist business, however, has caused a buildup in accommodations. In 1960, the Neighbor Islands had a total of 1,404 room accommodations for transients. At the end of 1966, there were 1,664 hotel and motel units in Hawaii, 1,173 in Kauai, and 1,847 in Maui, a total of 4,684 accommodations. In early 1967, about 5,000 more were planned in Hawaii, 2,500 in Kauai, and 1,000 in Maui (excluding long-range plans involving several thousand additional tourist accommodations).

The principal economic, demographic, and housing characteristics of each of the three major islands are discussed in subsequent sections of this analysis as separate submarkets of the Neighbor Islands.

STATE OF HAWAII

(PRINCIPAL NEIGHBOR ISLANDS
ARE CROSSHATCHED)



The Island of Hawaii

Economy of the Area

Employment. Total employment in the island of Hawaii averaged 23,800 in 1966, as reported by the Hawaii State Department of Labor and Industrial Relations (see table II). An average of 3,000 persons were employed in manufacturing, most of them in food processing, and 13,100 in nonmanufacturing industries. An average of 7,700 were employed in agriculture or were self-employed, unpaid family workers, or domestics; about one-third of the total in this grouping were engaged in non-agricultural employment.

The trend of total employment has been upward since 1963, rising from 21,300 in 1963 to 23,800 in 1966. In the 1960-1963 period, total employment remained relatively stable; however, there were offsetting trends in nonmanufacturing employment and in agricultural employment. Because of mechanization in agriculture, employment declined from an average of 5,800 in 1960 to 4,800 in 1963, at which level agricultural employment has stabilized. Employment in most nonmanufacturing industries has consistently increased every year since 1960 and has accounted for most of the employment gain since 1963. Manufacturing employment has remained stable at about 3,000 workers since 1962.

Unemployment. The number of persons unemployed increased from an average of about 800 in 1960 to about 1,000 in 1963 and has remained at that level in recent years. Consequently, the rate of unemployment increased from 3.4 percent in 1960 to 4.6 percent in 1963 (with a virtually static labor force) and declined in subsequent years to 3.9 percent in 1966 (with an increasing labor force).

Future Employment Prospects. The steady growth of tourism is expected to continue in future years; consequently, nonmanufacturing employment will continue to increase. Agricultural and food processing employment is not expected to exhibit material gains or losses. A net increase of about 600 new jobs may be anticipated in each of the next two years, assuming a continuation of the present rate of growth of tourism.

Incomes. As of April 1967, the median annual income of all families in the island of Hawaii was about \$6,350, after deduction of federal income taxes. The median after-tax annual income of renter households of two-or-more persons was about \$5,200. Some 34 percent of all families and 49 percent of the renter households had annual after-tax incomes below \$5,000; 11 percent of all families and six percent of the renter households had after-tax incomes of \$12,500 or more. Complete income distributions are shown in table V.

Demographic Factors

Population. As of July 1, 1966, the Department of Health, State of Hawaii, estimated the population of Hawaii County at about 61,025 persons. This population represents an increase of about 1,000 in the preceding 12 months and a decline of about 300 from the April 1, 1960 census report of 61,332. The estimate for 1966 includes about 2,000 visitors and the 1960 data about 1,400. Estimates for the resident population (excluding visitors) suggest a 1965-1966 decline of about 300 persons and a 1960-1966 decline of about 650 persons. These estimates indicate that the population of Hawaii County has fluctuated within narrow limits in recent years, most of the gains being attributable to tourists.

Hilo, the only city in the Neighbor Islands with a population exceeding 7,500 in 1960, had a 1966 population of about 26,700, compared with a 1960 census report of 25,966. The Kona area (North Kona and South Kona combined) had a 1960 population of 8,743; later estimates were not available at the time of the field investigation for this analysis.

Most of the population of Hawaii County was classed as rural in 1960. Of the 61,332 persons recorded, 35,366 persons (58 percent) were rural and, of these, 6,061 persons were classified as rural-farm population. Because of the mechanization of agriculture, the rural-farm population may have declined since 1960.

Households. Current estimates of households are not available. The 1960 Census of Housing reported 15,789 occupied housing units (households) in Hawaii County, of which 6,373 were in Hilo and 1,396 were rural-nonfarm. The number of persons per household in 1960 averaged 3.84 in the county and 3.72 in Hilo; household size probably has declined to about 3.80 in the county.

Prospective Growth. Estimates made by the Department of Planning and Economic Development, State of Hawaii, indicate that the resident population of the county (excluding tourists) will grow by only about 500 persons during the four years ending January 1, 1970. This estimate suggests an increase of about 130 resident households (30 to 35 a year); if average household size is reduced to about 3.75 persons by 1970, household growth would approximate about 150 annually in the county.

The Housing Market

Housing Supply. As of April 1, 1967, there were approximately 20,500 housing units in the Big Island, a gain of 2,400 units since April 1, 1960 when the U. S. Census of Housing recorded 18,118 housing units. During the past seven years, about 750 units were demolished or converted to other uses and about 3,150 housing units were added by new construction. On the basis of a recent postal vacancy survey, it is estimated that there were about 7,950 housing units in Hilo in April 1967; in 1960, Hilo had a housing inventory of 6,755 units, 37 percent of the housing stock in Hawaii County.

Most of the housing units in Hawaii County are attached or detached single-family dwellings (94 percent in 1960) and about 40 percent of the current stock is estimated to have been built prior to 1930. About 35 percent of the dwelling units in 1960 lacked one-or-more plumbing facilities (including 13 percent lacking only hot water) and nine percent were reported as dilapidated. In Hilo, 16 percent of the inventory lacked one-or-more plumbing facilities (including 11 percent lacking only hot water) and five percent were reported as dilapidated.

Residential Building Activity. New residential construction authorized in Hawaii County has averaged about 440 annually since 1960. In 1966, an estimated 680 units were authorized. Construction volume has increased from the previous year in every year except 1964, as indicated in the following table.

Housing Units Authorized by Building Permits
Hawaii County, 1960-1966

<u>Year</u>	<u>Single-family</u>	<u>Multifamily</u>	<u>Total</u>
1960	196	10	206
1961	300	28	328
1962	363	12	375
1963	441	90	531
1964	431	17	448
1965	431	94	525
1966	550 ^{a/}	130	680

^{a/} Partially estimated.

Source: Building inspector, Hawaii County.

Single-family units have accounted for 88 percent of the units authorized in the 1960-1966 period but multifamily units authorized have been increasing and constituted about 19 percent of the 1966 authorizations. Since the resident population has been declining during the 1960-1966 period, many of the units authorized undoubtedly were for the use of tourists and other visitors; some were in the nature of replacement housing, however, since 750 units were demolished over the seven-year period.

Little information is readily available concerning the distribution of housing unit authorizations. For the year ending June 30, 1966 when 469 single-family units were authorized, however, it is reported that 252 were in the Hilo District, 47 in Puna, 26 in Kau, 97 in Kona, 37 in Kohala, and 10 in Hamakua. Concentrations of authorizations in other years also were reported for Hilo, Kona, and Puna but the distributions were not available.

Tenure of Occupancy. The April 1, 1960 Census of Housing reported that 45 percent of the occupied units in the Big Island and 60 percent of those in Hilo were owner-occupied. Current estimates are not available.

Vacancy. A postal vacancy survey conducted in Hilo about March 1, 1967 covered 7,937 total possible deliveries and revealed that 195 units, 2.5 percent, were vacant. Of the total vacancies, 159 were residences (a 2.1 percent vacancy) and 36 were apartments (a 19.1 percent vacancy). An additional 98 units were reported under construction (see table VI).^{1/} Current vacancy ratios for Kona and other areas of the Big Island are not available.

The 1960 housing census reported an over-all 5.7 percent vacancy in Hilo (382 units) but only 137 were available for sale or for rent, including 14 for sale (a 0.4 percent homeowner ratio) and 123 for rent (a 4.6 percent rental ratio). The remaining 245 units were seasonal,

^{1/} It is important to note that the postal vacancy survey data are not entirely comparable with the data published by the Bureau of the Census because of differences in definition, area delineations, and methods of enumeration. The census reports units and vacancies by tenure, whereas the postal vacancy survey reports units and vacancies by type of structure. The Post Office Department defines a "residence" as a unit representing one stop for one delivery of mail (one mailbox). These are principally single-family homes, but include row houses, and some duplexes and structures with additional units created by conversion. An "apartment" is a unit on a stop where more than one delivery of mail is possible. Postal surveys omit vacancies in areas served by post office boxes and tend to omit units in subdivisions under construction.

dilapidated, or otherwise not available. In the island of Hawaii as a whole, the over-all vacancy ratio in 1960 was 12.9 percent (2,329 units); only 429 units were nonseasonal, nondilapidated available vacancies, including 56 for sale (a 0.8 percent homeowner ratio) and 373 for rent (a 4.1 percent rental ratio).

Sales and Rental Markets. Single-family units for sale are customarily presold. The sales market includes both homes for residents of the Big Island and secondary homes for frequent visitors from Honolulu or the U.S. mainland. The rental market includes both single-family and multiple type structures, the latter almost entirely as accommodations for tourists and other visitors. Because of the desire for single-family occupancy, few multiple type structures are built or are available for permanent residents. One small recently completed structure had shelter rents of \$75 for one-bedroom units and \$85 for two-bedroom units. Another, renting primarily to visitors, charged \$70 weekly or \$185 monthly for efficiency units. Weekly and monthly rents range upward from this level for transients.

Public Housing and Urban Renewal. There are 230 units of public housing in Hilo; 40 units are in planning for the elderly in Honokaa, and 50 units, including 20 for the elderly, are under construction in Hilo. The Kaiko'o urban renewal project in Hilo, 353 acres, is for commercial, industrial, and public reuse; no residential reuse is planned.

Demand for Housing.

It is anticipated that the demand for new housing accommodations in the Big Island will increase in coming years at a relatively slow rate. The growth of resident households is forecast at only about 150 annually and will require an equal number of new units. However, replacement and tourist needs will increase total annual demand to some 500 to 600 units, excluding low-rent public housing and rent-supplement accommodations.

The demand for most of the new housing for residents will be for single-family structures at minimum prices commensurate with costs of construction. Except for some replacement housing in rural areas, demand will occur primarily in the Hilo and Kona Districts. Since a large portion of the demand will arise from replacement needs and tourist activity, speculative construction will be minimum.

The demand for apartment rentals from the resident population is minimal. Single-family occupancy is preferred. New rental housing could be absorbed in increments of 20 to 25 units in Hilo and in Kona at rentals that can be achieved only with some form of public benefits or assistance in land purchase or in financing. This absorption should be watched carefully, however, before proceeding with additional increments.

The Island of Kauai

Economy of the Area

Employment. Average employment on the island of Kauai in 1966 was about 11,600 (see table III). Manufacturing, mostly food processing, employed 1,700 persons; nonmanufacturing industries employed 6,300; and agricultural workers and the self-employed, unpaid family workers, and domestics totaled 3,600. Because of mechanization, food processing and agricultural employment declined during the 1960-1966 period; however, nonmanufacturing employment increased. The net result was a stable employed labor force for most of the past seven years; increases were evidenced only between 1962 and 1963 and between 1965 and 1966. Nonmanufacturing industry employment increased steadily from 4,300 in 1960 to 6,300 in 1966 while food processing employment declined from 2,500 to 1,600 and agricultural jobs declined from 3,100 to 2,500. During the past two years, employment in these two industries appears to have stabilized.

Unemployment. The average number of unemployed persons has remained steady at about 500 in the past three years. The rate of unemployment, however, declined to an average of 3.9 percent in 1966. A peak unemployment rate of 5.3 percent was recorded in 1963.

Future Employment Prospects. Food processing and agricultural employment are expected to remain at current levels. Continued gains of about 300 jobs a year may be anticipated in nonmanufacturing industries, however, because of the expected continuation of the rising trend in tourism.

Incomes. As of April 1967, the median annual income of all families in Kauai County was about \$6,700, after deduction of federal income taxes. The median annual after-tax income of renter households of two-or-more persons was about \$5,450. Some 29 percent of all families and 45 percent of renter households had annual after-tax incomes of less than \$5,000; about 11 percent of all families and five percent of the renter households had after-tax incomes of \$12,500 or more. Complete income distributions are shown in table V.

Demographic Factors

Population. The Department of Health, State of Hawaii, estimated the population of Kauai County as of July 1, 1966 at about 27,450 persons, a decline of some 125 persons in the preceding 12 months and a decline of about 725 from the 28,176 persons record in the April 1, 1960 population census. The estimate for 1966 includes roughly 1,900 tourists and other visitors and the 1960 data about 650. Estimates for the resident population suggest a 12-month decline of about 650 persons and a 1960 to 1966 decline of about 2,300 persons. Estimates for the resident population of Kauai County suggest a declining population in every year since 1962, averaging 650 annually.

Lihue, the major urban place in Kauai County, had a 1960 population of 3,908. No estimates of population for later years are available.

Of the 28,176 persons recorded in the 1960 census, 20,829 (74 percent) were classified as rural but only 558 (two percent) were classed as rural-farm. The data suggest a large number of small villages commonly found in an agriculturally-oriented economy.

Households. No current estimates of the number of households in Kauai County are available; the 1960 Census of Housing reported 8,078 occupied housing units (households), including 1,148 in Lihue. The number of persons per household in 1960 averaged 3.41 in the county (the lowest of the three counties considered in this analysis) and 3.33 in Lihue. Household size probably declined since 1960 to about 3.35 in the county and 3.30 in Lihue.

Prospective Growth. The Department of Planning and Economic Development, State of Hawaii, estimates that the resident population of the county, notwithstanding estimated declines in recent years, will increase by 1,850 persons in the four years ending January 1, 1970. The estimate appears to be premised upon an increasing need for service employment for the tourist industry and the expectation of a stabilized agricultural labor requirement. The estimated population growth suggests an increase of about 550 resident households (about 140 annually) on the assumption that the size of household will not change materially.

The Housing Market

Housing Supply. There were about 9,550 housing units in Kauai as of April 1, 1967, a gain of about 550 units since the U.S. Census of Housing in April 1960 recorded 8,996 units. During the past seven years, about 700 units were converted to other uses or demolished and about 1,200 housing units were added by new construction. It is estimated that there were about 1,500 housing units in Lihue in April 1967; in 1960, Lihue had an inventory of 1,243 housing units, about 14 percent of the total in Kauai.

About 93 percent of the housing units in Kauai County were attached or detached single-family dwellings in 1960; about 40 percent of the current housing stock was built prior to 1930. In 1960, about 25 percent of the dwelling units lacked one-or-more plumbing facilities (including eight percent lacking only hot water) and 16 percent were reported as dilapidated. In Lihue, 15 percent of the inventory lacked one-or-more plumbing facilities (including five percent lacking only hot water) and 23 percent were reported as dilapidated.

Residential Building Activity. New residential construction authorized in Kauai has averaged about 175 annually since 1960 but the volume has ranged steadily upward from 122 in 1960 to 223 in 1966. In Lihue, the volume also has been greater in recent years compared with the early 1960's. The 1960-1966 record of available data is shown in the following table.

Housing Units Authorized by Building Permits
Kauai County, 1960-1966

<u>Year</u>	<u>Single-Family</u>			<u>Multifamily</u>	<u>Total</u>
	<u>Lihue</u>	<u>Other</u>	<u>Total</u>	<u>Kauai County^{a/}</u>	<u>Kauai County^{a/}</u>
1960	25	95	120	2	122
1961	16	106	122	4	126
1962	14	114	128	9	137
1963	45	139	184	18	202
1964	81	100	181	4	185
1965	72	137	209	6	215
1966	67	153	220	3	223

^{a/} Data for Lihue not available.

Source: Building Inspector, Kauai County.

Single-family units have predominated in new residential construction. Less than 50 units were authorized for other than single-family homes. Some units appear to have been authorized for the use of Honolulu residents. A considerable volume, almost 60 percent, were in the nature of replacement housing. Other than indicated above for Lihue, no information is available with respect to the distribution of new housing authorizations.

Tenure of Occupancy. The April 1, 1960 Census of Housing reported that 36 percent of the occupied units in Kauai and 42 percent of those in Lihue were owner-occupied. Current estimates are not available.

Vacancy. A postal vacancy survey conducted in Lihue and Kapaa about March 1, 1967 covered 1,896 total possible deliveries and revealed that 195 units, 2.5 percent, were vacant. Of the total vacancies, 60 were residences (a 3.2 percent vacancy) and four were apartments (a 14.3 percent vacancy). An additional 48 units were reported under construction (see table VI).^{1/} Current vacancy ratios for other areas of Kauai are not available.

^{1/} See footnote on page 7.

The 1960 housing census reported an over-all 7.7 percent vacancy (95 units) in Lihue but only 56 units were available for sale or for rent, including five for sale (a 1.0 percent homeowner vacancy) and 51 for rent (a 7.1 percent rental ratio). The remaining 39 units were seasonal, dilapidated or otherwise not available. In Kauai as a whole, the over-all vacancy ratio in 1960 was 10.2 percent (918 units); only 318 units were nonseasonal, nondilapidated available vacancies, including 43 for sale (a 1.4 percent homeowner ratio) and 275 for rent (a 5.0 percent rental ratio).

Sales and Rental Markets. Presale is customary for new single-family units whether for residents or for frequent visitors from Honolulu. The rental market includes some multifamily structures but is predominantly of the single-family type. Because of single-family structure preference, few multiple-type structures are built or are available for local residents.

Public Housing and Urban Renewal. Three projects involving 106 residential units, including 16 units for the elderly, have been provided by publicly-financed housing in Kauai; 26 units are in planning and eight units are under construction. There are no urban renewal projects.

Demand for Housing

The demand for new housing in Kauai is likely to increase slowly. The growth of resident households is forecast at only about 140 a year, requiring an equal number of new residential units. Replacement needs and accommodations required by frequent visitors will increase demand to some 200 to 250 units a year, excluding low-rent public housing and rent-supplement accommodations.

Virtually all of the demand from among Kauai residents will be for minimum priced single-family structures and will occur primarily in Lihue and vicinity, excepting replacement structures and visitor accommodations. Rental demand from the resident population is minimal and should be provided in increments of 10 to 12 units. This housing must be provided at rentals achievable only with some form of public benefits or assistance. Absorption of each increment should be observed before proceeding with additional rental housing.

The Island of Maui

Economy of the Area

Employment. In 1966, the average employment on the island of Maui was 15,500, (see table IV). Food processing accounted for 2,300 and other manufacturing 300. Nonmanufacturing industries employed 8,200 and agricultural workers and the self-employed, unpaid family workers, and domestics totaled 4,600 (table IV).

As in other areas of the state, mechanization caused a decline in agricultural employment during most of the period since 1960. Non-manufacturing employment, primarily because of the growing volume of tourism, has increased; between 1964 and 1966, employment in these industries increased from 7,200 to 8,200.

Unemployment. The average number of unemployed persons in 1966 was about 600, an unemployment ratio of 3.9 percent. In the past three years, although unemployment varied only modestly, the ratio has declined from 4.8 percent in 1964 because of an increasing labor force.

Future Employment Prospects. Continued gains of about 600 jobs a year may be expected in nonmanufacturing industries in Maui because of the anticipated rapid growth of tourism.

Incomes. As of April 1967, the median annual income of all families in Maui County was about \$6,600, after deduction of federal income taxes. The median after-tax annual income of renter households of two-or-more persons was about \$5,400. Some 33 percent of all families and 45 percent of the renter households had annual after-tax incomes of less than \$5,000; about nine percent of all families and four percent of the renter households had after-tax incomes of \$12,500 or more. Complete income distributions are shown in table V.

Demographic Factors

Population. Maui County had a July 1, 1966 population of about 49,450, according to estimates made by the Department of Health, State of Hawaii, an increase of about 1,800 persons in the preceding 12 months and 6,875 more than the April 1, 1960 population count of 42,576. Available data indicate that there were about 2,750 tourists and other visitors included in the 1966 estimate, most of them in the island of Maui; about 850 were included in 1960. Estimates for the resident population of Maui island indicate that there was an increase of about 2,400 persons between 1960 and 1966, most of which has occurred since 1963; the population increase in the last year of this period was about 1,250 persons.

The major urban places in Maui island had a 1960 population as follows: Kahului 4,223, Lahaina 3,423, and Wailuku 6,969. Later estimates of population are not available for these places.

Of the 42,576 persons in Maui County recorded in the 1960 census, 24,907 (59 percent) were classified as rural but only 2,257 (five percent) were identified as rural-farm.

Households. Current estimates of the number of households in Maui County are not available. The 1960 Census of Housing reported 11,224 occupied housing units (households) in the county, including 1,037 in Kahului, 877 in Lahaina, and 1,886 in Wailuku. The number of persons per household in 1960 averaged 3.82 in Maui County, 4.05 in Kahului, 3.86 in Lahaina, and 3.62 in Wailuku. Only modest declines, if any, have taken place since 1960.

Prospective Growth. Estimates of the Department of Planning and Economic Development, State of Hawaii, for the resident population of the county suggest a prospective growth of about 1,700 persons in the four years ending January 1, 1970. Most of the population growth anticipated would be in Maui island and, if prospective plans for new and expanded hotel facilities materialize, the forecast of 1,700 additional population may be understated. The estimated growth in population and a modest decline in the size of household suggests an increase of about 540 households (135 annually).

The Housing Market

Housing Supply. There were 12,462 units in Maui County, as reported by the U.S. Housing Census. The island of Maui contained 84 percent of the population and at least this proportion of the housing inventory. Data for Maui island are not available separately. It is estimated that the housing inventory of Maui County has increased to over 15,000 housing units as of April 1, 1967, with an increasing proportion in Maui island. During the past seven years, only 217 units were recorded as demolitions or out-conversions and over 2,825 units were added through new construction. In 1960, Kahului had an inventory of 1,064 units, Lahaina 930 units, and Wailuku 1,968 units; estimates for 1967 are not available but it is believed that a large proportion of the new construction occurred in these urban areas.

Over 97 percent of the housing units in Maui County were of the single-family type in 1960; about 43 percent of the current housing inventory was built prior to 1930. Data respecting condition in Maui County and the principal urban areas in 1960 are shown in the following table.

Condition and Plumbing
Maui County and Urban Areas
April 1960

<u>Condition and Plumbing</u>	<u>Kahului</u>	<u>Lahaina</u>	<u>Wailuku</u>	<u>Maui County</u>
Lacked plumbing facilities	5.9%	30.4%	14.1%	28.1%
" only hot water ^{a/}	1.0	14.0	9.5	11.4
Dilapidated	8.9	11.6	12.3	10.4

^{a/} Included in data "Lacked plumbing facilities."

Source: 1960 U.S. Census of Housing.

Residential Building Activity. The volume of new residential construction authorized by building permits is available only for Maui County as a whole. New homes have been built in relatively steady volume averaging about 325 units annually since 1960, with a low of 268 in 1964 and a peak of 364 in 1960. Apartment construction has been variable, but tending to increase in recent years. The 1960-1966 record for Maui County is shown in the following table.

Housing Units Authorized by Building Permits
Maui County, 1960-1966

<u>Year</u>	<u>Single-family</u>	<u>Multifamily</u>	<u>Total</u>
1960	364	12	376
1961	281	19	300
1962	319	72	391
1963	344	143	487
1964	268	38	306
1965	335	188	523
1966	345	106	451

Source: Building inspector, Maui County.

The large volume of apartment construction, over 20 percent in the 1960-1966 period, is due to the popularity of Maui as a tourist center. Much of the single-family home construction has been for regular visitors who purchase secondary homes.

Tenure of Occupancy. The April 1, 1960 Census of Housing reported that 46 percent of the occupied units in Maui County were owner-occupied. The proportion of owner-occupancy in the urban areas was higher: 75 percent in Kahului, 48 percent in Lahaina, and 62 percent in Wailuku.

Vacancy. A postal vacancy survey conducted in the Kahului-Wailuku area about March 1, 1967 covered 4,774 total possible deliveries and reported that 39 units, 0.8 percent, were vacant. Of the total vacancies, 27 were residences (a 0.6 percent vacancy) and 12 were apartments (a 4.6 percent vacancy). An additional 80 units were reported under construction (see table VI).^{1/} Current vacancy ratios for Lahaina and other areas of Maui are not available.

Vacancy data reported by the 1960 Census of Housing are summarized in the following table.

Vacant Units in Maui County and Urban Areas
April 1960

	<u>Kahului</u>		<u>Lahaina</u>		<u>Wailuku</u>		<u>Maui County</u>	
	<u>No.</u>	<u>Pct.</u>	<u>No.</u>	<u>Pct.</u>	<u>No.</u>	<u>Pct.</u>	<u>No.</u>	<u>Pct.</u>
Total vacant	27	2.6%	53	5.7%	82	4.2%	1,238	9.9%
Available vacant	<u>10</u>	<u>1.0</u>	<u>16</u>	<u>1.8</u>	<u>29</u>	<u>1.5</u>	<u>256</u>	<u>2.2</u>
For sale only ^{a/}	7	0.9	5	1.2	8	0.7	61	1.2
For rent ^{a/}	3	1.1	11	2.4	21	2.8	195	3.1
Other vacant	17	1.6	37	4.0	53	2.7	982	7.9

^{a/} Percent vacant computed as percent of occupied plus vacant.

Source: 1960 Census of Housing.

Sales and Rental Markets. For both residents and purchasers of secondary homes, the presale of single-family units is customary. Active subdivisions are located near Kahului and Lahaina; building in the latter area is largely for non-resident purchasers and is in a higher price range.

The rental market includes an increasing number of multifamily structures in the Wailuku-Kahului area. Many of these, however, are rented on a daily, weekly, or monthly basis and obviously cater largely to the transient trade. Most of them are available only on a furnished basis. One-bedroom units rent for \$100 to \$120 monthly with utilities and furniture; rentals for two-bedroom units range predominantly from \$125 to \$135 a month. A planned 58 unit project would have 40 one-bedroom units and 18 two-bedroom units at shelter rents of \$110 and \$120, respectively.

^{1/} See footnote on page 7.

Public Housing and Urban Renewal. Two public housing projects, 82 units in Wailuku and 18 units in Lahaina, have been built in Maui; no other units are planned or under construction. There are no urban renewal projects.

Demand for Housing

Housing demand in Maui is increasing largely because of its popularity as a resort area for the booming tourist trade. Although resident household growth is forecast at only about 135 annually, the demand for secondary homes and apartments for tourists suggests an absorptive capacity of about 450 units annually, including about 350 single-family units and 100 multifamily units, excluding demand for low-rent public housing and rent-supplement accommodations.

The demand for single-family structures from residents will be predominantly at minimum price levels, primarily in the Wailuku-Kahului area. The demand arising from visitors for secondary homes will be at higher price levels and largely in the popular Lahaina area. In either case, most new construction will be presold.

The demand for apartment rentals is small since residents prefer single-family units. Most of the apartment demand arises from visitors who prefer to rent for a week or a month. New rental housing, in increments of about 25 units, however, could be absorbed by the resident population if they can be provided at the relatively low rentals achievable only with some form of public benefits or assistance in land purchase or in financing. The market absorption of each increment should be watched carefully before proceeding with further rental projects.

Table I
Inter-Island Airport Passenger Summary
1960-1966

<u>Year</u>	<u>Hawaii</u>		<u>Kauai</u>		<u>Maui</u>	
	<u>Arrivals</u>	<u>Departures</u>	<u>Arrivals</u>	<u>Departures</u>	<u>Arrivals</u>	<u>Departures</u>
1960	197,961	199,380	153,956	154,335	149,554	150,817
1961	192,495	195,155	156,025	157,272	148,502	151,601
1962	194,899	199,982	169,368	169,615	158,509	157,804
1963	236,178	240,844	197,094	197,775	201,551	201,939
1964	282,940	283,897	229,810	230,678	241,032	241,023
1965	337,132	337,193	261,296	263,216	277,553	276,844
1966	380,646	380,826	296,546	296,861	317,901	319,327

Source: Department of Transportation, Honolulu International Airport.

Table II

Labor Force Distribution in Hawaii County, Hawaii
By Industry Groups, 1960-1966
 (Annual Averages, in thousands)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966 a/</u>
Civilian labor force	<u>22.3</u>	<u>22.2</u>	<u>22.2</u>	<u>22.4</u>	<u>22.8</u>	<u>24.1</u>	<u>24.8</u>
Unemployed	0.8	0.9	0.9	1.0	1.0	1.0	1.0
Percent unemployed	3.4	4.0	4.1	4.6	4.5	4.2	3.9
Employed Labor Force	<u>21.5</u>	<u>21.3</u>	<u>21.3</u>	<u>21.3</u>	<u>21.8</u>	<u>23.1</u>	<u>23.8</u>
Manufacturing	<u>3.3</u>	<u>3.1</u>	<u>3.0</u>	<u>3.0</u>	<u>2.9</u>	<u>3.0</u>	<u>3.0</u>
Food Processing	2.6	2.5	2.5	2.5	2.6	2.6	2.6
Other	0.7	0.6	0.6	0.5	0.3	0.4	0.4
Nonmanufacturing	<u>9.9</u>	<u>10.1</u>	<u>10.4</u>	<u>10.9</u>	<u>11.5</u>	<u>12.6</u>	<u>13.1</u>
Contract construction	0.9	1.0	1.0	1.2	1.6	1.5	1.3
Transp., commun., pub. util.	1.0	1.0	1.0	1.1	1.0	1.1	1.1
Wholesale and retail trade	3.1	3.1	3.2	3.3	3.4	3.7	3.9
Fin., ins., and real estate	0.3	0.3	0.4	0.5	0.4	0.6	0.7
Services and miscellaneous	1.6	1.6	1.7	1.8	1.8	2.3	2.5
Government	3.1	3.1	3.2	3.2	3.3	3.4	3.6
Other	<u>8.3</u>	<u>8.1</u>	<u>7.9</u>	<u>7.4</u>	<u>7.4</u>	<u>7.5</u>	<u>7.7</u>
Agricultural	5.8	5.5	5.3	4.8	4.8	4.8	4.9
Nonagricultural ^{b/}	2.5	2.6	2.6	2.6	2.6	2.7	2.8

a/ Preliminary.

b/ Includes self-employed, unpaid family workers, and domestics.

Note: Subtotals may not add to totals because of rounding.

Source: Hawaii State Department of Labor and Industrial Relations.

Table III

Labor Force Distribution in Kauai County, Hawaii^{a/}
By Industry Groups, 1960-1966
 (Annual Averages, in thousands)

	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>1964</u>	<u>1965</u>	<u>1966</u> ^{b/}
Civilian Labor Force	<u>11.4</u>	<u>11.5</u>	<u>11.6</u>	<u>11.9</u>	<u>11.8</u>	<u>11.7</u>	<u>12.1</u>
Unemployed	0.4	0.5	0.6	0.6	0.5	0.5	0.5
Percent unemployed	3.8	4.4	4.9	5.3	4.3	4.1	3.9
Employed Labor Force	<u>11.0</u>	<u>11.0</u>	<u>11.0</u>	<u>11.3</u>	<u>11.3</u>	<u>11.3</u>	<u>11.6</u>
Manufacturing	<u>2.6</u>	<u>2.5</u>	<u>2.3</u>	<u>2.3</u>	<u>2.0</u>	<u>1.8</u>	<u>1.7</u>
Food Processing	2.5	2.3	2.2	2.0	1.8	1.6	1.6
Other	0.2	0.2	0.2	0.3	0.2	0.2	0.2
Nonmanufacturing	<u>4.3</u>	<u>4.4</u>	<u>4.8</u>	<u>5.2</u>	<u>5.6</u>	<u>5.9</u>	<u>6.3</u>
Contract construction	0.3	0.3	0.4	0.4	0.4	0.5	0.5
Transp., commun., pub. util.	0.5	0.5	0.5	0.5	0.5	0.6	0.6
Wholesale and retail trade	1.2	1.2	1.3	1.4	1.4	1.5	1.5
Fin., ins., and real estate	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Services and miscellaneous	0.8	0.9	1.0	1.2	1.4	1.6	1.8
Government	1.4	1.5	1.5	1.6	1.6	1.6	1.7
Other	<u>4.1</u>	<u>4.1</u>	<u>3.9</u>	<u>3.8</u>	<u>3.7</u>	<u>3.6</u>	<u>3.6</u>
Agricultural	3.1	3.1	2.9	2.7	2.6	2.5	2.5
Nonagricultural ^{c/}	1.0	1.0	1.0	1.1	1.1	1.1	1.1

^{a/} Excludes island of Niihau which is privately owned.

^{b/} Preliminary.

^{c/} Self-employed, unpaid family workers, and domestics.

Note: Subtotals may not add to totals because of rounding.

Source: Hawaii State Department of Labor and Industrial Relations.

Table IV

Labor Force Distribution in Maui County, Hawaii ^{a/}
By Industry Groups, 1964-1966
 (Annual Averages, in thousands)

	<u>1964</u>	<u>1965</u>	<u>1966</u> ^{b/}
Civilian Labor Force	<u>14.9</u>	<u>15.6</u>	<u>16.2</u>
Unemployed	0.7	0.6	0.6
Percent unemployed	4.8	4.1	3.9
Employed Labor Force	<u>14.2</u>	<u>14.9</u>	<u>15.5</u>
Manufacturing	<u>2.6</u>	<u>2.6</u>	<u>2.6</u>
Food Processing	2.4	2.3	2.3
Other	0.3	0.3	0.3
Nonmanufacturing	<u>7.2</u>	<u>7.9</u>	<u>8.3</u>
Contract construction	0.7	0.8	0.9
Transp., commun., pub. util.	0.8	0.8	0.8
Wholesale and retail trade	1.9	2.1	2.2
Fin., ins., and real estate	0.2	0.3	0.3
Services and miscellaneous	1.7	1.9	2.0
Government	2.0	2.0	2.1
Other	<u>4.4</u>	<u>4.4</u>	<u>4.6</u>
Agricultural	2.9	2.8	3.0
Nonagricultural ^{c/}	1.6	1.6	1.6

^{a/} Data are for island of Maui, only.

^{b/} Preliminary.

^{c/} Self-employed, unpaid family workers, and domestics.

Note: Subtotals may not add to totals because of rounding.

Source: Hawaii State Department of Labor and Industrial Relations.

Table V

Estimated Distribution of Families and Households
By Annual Income, After Deducting Federal Income Taxes
April 1967, Counties of Hawaii, Kauai, and Maui

<u>Annual after-tax income</u>	<u>Hawaii County</u>		<u>Kauai County</u>		<u>Maui County</u>	
	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>	<u>All families</u>	<u>Renter households^{a/}</u>
Under \$ 3,000	12	18	9	15	11	18
\$ 3,000 - 3,999	9	15	8	13	10	13
4,000 - 4,999	13	16	12	17	12	14
5,000 - 5,999	13	11	12	13	11	12
6,000 - 6,999	10	10	12	11	10	15
7,000 - 7,999	9	8	10	9	11	9
8,000 - 8,999	6	7	7	6	9	6
9,000 - 9,999	6	4	7	5	7	4
10,000 - 12,499	11	5	12	6	10	5
12,500 - 14,999	4	3	6	3	5	2
15,000 and over	<u>7</u>	<u>3</u>	<u>5</u>	<u>2</u>	<u>4</u>	<u>2</u>
Totals	100	100	100	100	100	100
Median	\$6,350	\$5,200	\$6,700	\$5,450	\$6,600	\$5,400

^{a/} Excludes one-person households.

Source: Estimated by Housing Market Analyst.

Table VI

Postal Vacancy Survey of the Neighbor Islands of Hawaii

February 27-March 1, 1967

Postal area	Total residences and apartments						Residences						Apartments						House trailers		
	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant units				Under const.	Total possible deliveries	Vacant	
		All	%	Used	New			All	%	Used	New			All	%	Used	New			No.	%
The Survey Area Total	14,607	298	2.0	202	96	226	14,132	246	1.7	151	95	166	475	52	10.9	51	1	60	=	=	=
Hawaii County																					
Hilo	7,937	195	2.5	138	57	98	7,749	159	2.1	102	57	60	188	36	19.1	36	-	38	-	-	-
Kauai County	1,896	64	3.4	37	27	48	1,868	60	3.2	33	27	44	28	4	14.3	4	=	4	=	=	=
Kapaa	1,318	38	2.9	32	6	23	1,292	34	2.6	28	6	19	26	4	15.4	4	-	4	-	-	-
Lihue	578	26	4.5	5	21	25	576	26	4.5	5	21	25	2	-	0.0	-	-	-	-	-	-
Mauai County	4,774	39	0.8	27	12	80	4,515	27	0.6	16	11	62	259	12	4.6	11	1	18	=	=	=
Kahului	2,071	6	0.3	3	3	50	1,973	6	0.3	3	3	50	98	-	0.0	-	-	-	-	-	-
Wailuku	2,703	33	1.2	24	9	30	2,542	21	0.8	13	8	12	161	12	7.5	11	1	18	-	-	-

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, public housing units, and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA postal vacancy survey conducted by collaborating postmaster(s).

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