Desperately seeking Housing

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Executive Director, UHERO

Still Houseless in Honolulu, 2016
BIA Hawaii

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Houseless in Honolulu is not new

- Home prices and rents have always been high.
- Production has always been cyclical.
- What is new?

Hawaii’s Housing Gap

- Hawaii is 48th in housing per capita.
- But, how big is Hawaii’s housing gap?

Benefits of Closing the Gap

- Economic benefits of closing the gap.
- Diversification and growth without housing?
- Reducing poverty
Home ownership has always been expensive

Ratio of Hawaii to US Owner Occupied Home Values

Source: US Census Bureau
Home Price Inflation highest on the coasts

Source: FHFA Quarterly All Transactions Price Index, NSA
NEW LOWS IN POST WAR HOME BUILDING

Housing Units Authorized by Permits

Source: Robert Schmidt, Historical Statistics of Hawaii, DBEDT, UHERO.
### Population and Housing (2005-2015)

<table>
<thead>
<tr>
<th></th>
<th>Population added</th>
<th>Housing units added</th>
<th>Ratio of housing units added</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,000 people</td>
<td>Number</td>
<td>added to population added</td>
</tr>
<tr>
<td>Connecticut</td>
<td>84</td>
<td>50,380</td>
<td>600</td>
</tr>
<tr>
<td>New Jersey</td>
<td>306</td>
<td>136,469</td>
<td>446</td>
</tr>
<tr>
<td>Nebraska</td>
<td>135</td>
<td>51,746</td>
<td>384</td>
</tr>
<tr>
<td>Kansas</td>
<td>166</td>
<td>58,070</td>
<td>349</td>
</tr>
<tr>
<td>Maryland</td>
<td>414</td>
<td>143,686</td>
<td>347</td>
</tr>
<tr>
<td>Virginia</td>
<td>806</td>
<td>277,741</td>
<td>345</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>391</td>
<td>114,322</td>
<td>292</td>
</tr>
<tr>
<td>Hawaii</td>
<td>139</td>
<td>40,896</td>
<td>294</td>
</tr>
</tbody>
</table>

How big is the housing gap?

Housing units per capita, 2015
Units per 1,000 people

- UT: 356
- CA: 357
- HI: 372
- NJ: 401
- MD: 405
- VA: 414
- CT: 417
- WA: 417
- MA: 419
- KS: 431
- NE: 433
- FL: 454
- ME: 549

US average = 419

State ranking
- 50
- 49
- 48
- 46
- 45
- 42
- 40
- 39
- 36
- 30
- 29
- 11
- 1

**How big is the housing gap?**

Hawaii’s housing supply gap

1,000 housing units

- **Current demand (2015):** 574.1
- **Current stock (2015):** 532.5
- **Current housing backlog:** 41.6
- **Demand addition by 2025:** 38.4
- **Total housing backlog by 2025:** 80.0
- **Projected units 2016-25:** 46.9
- **Gap to fill by 2025:** 33.1

Number of housing units needed in Hawaii to supply the market at the same per capita rate as New Jersey (i.e., 401 units per thousand people)

Additional units needed to supply Hawaii’s population growth through 2025 (at the same per capita rate as New Jersey)

Benefits to closing the housing gap

Build an 33K additional housing units by 2025

- Real GSP average of 0.6% higher over 2016-25
- Non farm employment and labor earnings 1% higher
- Construction job 13% higher
- Almost 5K more net migration over the period
- Housing gap impedes diversification and growth

Reduce poverty rates
