Hoʻowaiwai Hawaiʻi Island

Building Genuine Wealth

June 2011

County of Hawaiʻi, Department of Research & Development

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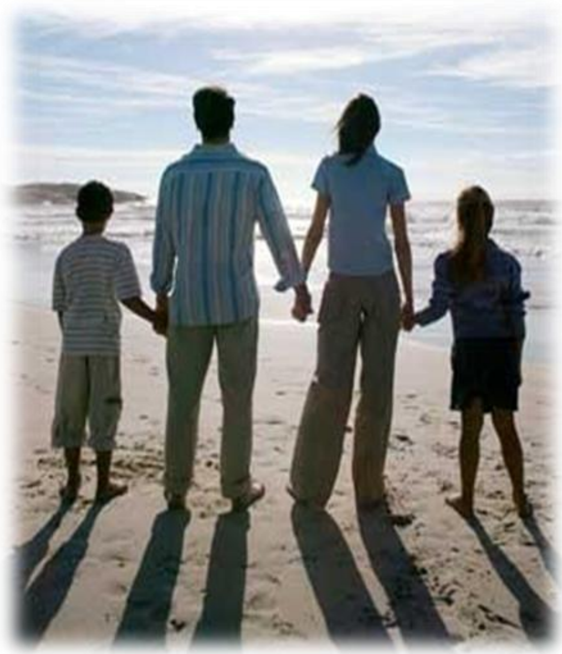
I. Introduction

The Island of Hawai'i is blessed with an abundance of resources, and with a people whose aspirations are rooted in their island culture and values. The county the island comprises is home to roughly 175,000 permanent residents,[1] or about 13.5% of the state population. Predominantly rural in nature, Hawai'i County has been designated by the U.S. Census Bureau as the most ethnically diverse county in the United States, with more than 28% of its population claiming two or more races.[2]

Many of the island's families struggle to meet the basic expenses of daily living with incomes below Hawai'i Island's Family Economic Self-Sufficiency Standard (FESS) – *the amount of money that individuals and families require to meet their basic needs without government and/or other subsidies.* Of the total island population, 44% of single adults, 51% of single parents with one child, 81% of single parents, and 26% of families of four have household incomes that are below FESS levels. Also, 55% of all communities in Hawai'i island's nine districts have median household incomes below the FESS level.[3]

Almost one in four Hawai'i Island families are *asset poor* – they have insufficient net worth to support themselves at the federal poverty level for three months in the absence of income. In other words, families don't have the "reserves" to enable them to weather crises without having to turn to public assistance – crises such as job loss, an illness in the family that depletes what little reserves may have existed, or not being able to meet monthly housing expenses. This also means that families do not have sufficient resources to invest in their future – to invest in a home, business, or education for their children.

To better address issues of family financial empowerment and genuine wealth building, the County of Hawai'i commissioned *Ho'owaiwai Hawai'i Island – Building Genuine Wealth* to identify strategies and a roadmap for asset-building policies and actions that support the island's families and communities as they strive to generate wealth, health, and well-being



"We want all Hawai'i Island residents to acquire the knowledge and skills necessary to take control of their financial health and well-being. The ability to save, to invest in education, to obtain affordable housing or start a business – in short, investing in the success of island people – is what moves families ahead."

Mayor Billy Kenoi, County of Hawai'i

for themselves. The intent of this study is to shape a holistic asset-building framework, principles, policies, and networks that support family success and long-term economic prosperity.

A. **Asset Building – What Is It?**

Asset building is a process that encourages people to accumulate, develop, and preserve all categories of assets – financial knowledge, access to credit, savings, and investment. It also encourages the development of human and social assets through personal determination, knowledge and skill building, and community networks. Assets are essential for family and community self-sufficiency as assets are needed to:

1. have *financial security* against difficult times – the dignity of choice and control;
2. create *economic opportunities* for oneself and family – the realization of human potential through education, entrepreneurship, and other means; and
3. *leave a legacy* for future generations to have a better life – to realistically reduce the cycle of poverty and protect Hawaiʻi's island community and environment for future generations' quality of life.

I learned that I should never let my dreams just be dreams – I have to make them reality.

Puna Youth

Typically, asset-building strategies focus on increasing access to affordable financial products and quality financial information and coaching, on providing protection from wealth-stripping financial services, on building connections to programs that help families save for financial security and develop durable assets, and on promoting tax time services and benefits. These strategies are pursued in our island communities through Hawaiʻi's asset-policy agenda that promotes the following six comprehensive goals to help families move from *just getting by* to *getting ahead* for themselves and future generations:

1. *Make Work Pay* – A family cannot save if there is nothing left after basic needs are met. Calls for people to "get off welfare and start working" are futile if work does not pay enough.
2. *Teach Asset-Building* – Even given an opportunity to build assets, people will not do so unless they know why and how to save and invest, and how to protect hard-earned assets over time.
3. *Break Down Barriers to Asset-Building* – Unethical lending practices, market failures, lack of insurance, and disincentives in public policies conspire to form enormous barriers to asset building. These barriers leave many people with low and moderate incomes stuck in a fringe economy where fees and interest rates are high,

information is limited or misleading, and saving is penalized.

4. *Help People Save* – Incentives and subsidies for saving are overwhelmingly aimed at higher-income households. Asset-building policy must level the playing field with policies that create incentives, and that support saving among low- and moderate-income earners.
5. *Help People Start & Own Businesses* – Besides helping people leverage their assets into greater wealth, entrepreneurship creates jobs and helps the overall economy.
6. *Help People Buy Homes* – A home is the ultimate asset in Hawai'i. Given the natural challenges of living on islands, Hawai'i must launch a substantial effort to achieve this goal. Key to this is a commitment to so-called "demand-side" strategies that enhance the ability of low- and moderate-income earners to compete for housing.

B. Asset Building – More Than Just Financial

While the dominant meaning of wealth is associated with money, riches, and worldly possessions, the Old English origin of the word literally means *the condition of well-being*. In the Greek origin of the word, wealth is a *means to or way of being well*.[4] At least in its original forms, wealth is not narrowly defined in terms of the money-value of material possessions, but also in terms of intangible factors that contribute to one's quality of life such as spiritual well-being, hope, happiness, the joy of play, and the strengths of relationships. These were the types of attributes that Robert F. Kennedy noted were missing in our current measure of economic progress, the GDP:

> *. . . yet the gross national product does not allow for the health of our children, the quality of their education or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages, the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage, neither our wisdom nor our learning, neither our compassion nor our devotion to our country, it measures everything, in short, except that which makes life worthwhile.* [5]

This perspective is reflected in the time-tested indigenous wisdom of Native Hawaiians who learned how to be, thrive, and prosper in this place, Hawai'i. Their sense of wealth is captured in *ho'owaiwai*, which means "to enrich." *Wai* means "water." In old Hawai'i, it was everyone's kuleana or "responsibility" to *mālama i ka wai* – "to take care of the water" – because it affected the livelihood of the entire village. If you had a sufficient supply of *wai*, you were considered wealthy.

I would love to have a huge house and plenty of land – to be rich, to have money. But it wouldn't make sense for me to have lots of money and a big house if I don't have my family, if I don't have my friends.

Maku'u Youth

Consistent with this, many island families shared the idea that, to them, wealth was more than the accumulation of money and goods. They spoke of intangibles such as ʻohana and the quality of their relationships, of their ability to make it in difficult times with the help of their community networks, and of the chance to share with others and to leave a legacy for future generations. Thus, while family financial empowerment is the focus of *Hoʻowaiwai Hawaiʻi Island – Building Genuine Wealth*, it is also about how, as an island community, we are able to support each other to achieve self-sufficiency – to achieve the power of having choice and control.

C. ʻOhana Voices – Island Perspectives

The methodology used for this study is grounded in the belief that good public policy and strategy development must be informed by those who are to be impacted – by those who stand to lose or benefit; must address local needs and experiences; and must take into account issues of implementation and realities of existing systems in addition to best practices. Thus, in order to ensure the relevance and meaningfulness of this study to the island's families and communities, the Hawaiʻi County asset-policy roadmap was developed through ongoing dialogue with families (ʻ*ohana dialogue*) in order to:

- ground the asset-policy agenda in the perceptions and immediate needs of families, and
- mobilize participants to engage in asset-policy agenda formation and action.

Through the process, more than 60 families from East and West Hawaiʻi engaged in listening session dialogues to identify:

- what they themselves define as "wealth and assets"
- their observations on and analysis of what's already "working well" in their lives as well as what's preventing them from building the assets they believe they need to be self-sufficient – to have the ability to exercise choice and control in their lives, and
- their analysis of information relevant to the issues and concerns they believe are critical to addressing issues of asset poverty.

In addition to ʻ*ohana dialogue*, the study included [a] *research* that provided the background data on important themes and barriers identified through the ʻ*ohana dialogue*; [b] *technical work* that focused on potential applications of innovative frameworks, methodologies, and approaches for asset and community wealth building; and [c] *dialogue with county agencies* to vet asset-policy issues and opportunities that emerged. This report provides a snapshot of the challenges and opportunities facing the island's families; identifies potential asset policy and action recommendations; and offers an implementation approach that involves the County Government, private sector, non-profit sector, and families themselves all working together to advance asset building on Hawai'i Island.

II. Guiding Framework & Principles

A. Challenges Facing Hawai‘i Island's ‘Ohana

Demographic Trends –

- *The island's population is growing, but aging.*
- *Higher rate of child, family, and senior poverties compared to the rest of the state.*
- *Highest level of out-migration in the nation.*

According to the U.S. Census, during 2000 – 2008, Hawai‘i County experienced 17.9% population growth compared to the State growth rate of but 6.3%. Nearly one in five – or 18.6% – of Hawai‘i County children under 18 years old were estimated to be living in poverty, compared to less than 10 percent in the City and County of Honolulu.

As the island population grows, the demographic profile of local residents is increasingly aging, and many young adults are migrating off-island. The County of Hawai‘i's median age is expected to increase from 37.4 years (2000) to 41 years by 2013.[6] Senior citizens make up an increasing share of the County's population, from 12.9% in 2005 to 14.2% in 2008. The Department of Business, Economic Development and Tourism estimates that by the year 2010, every fifth person in Hawai‘i County will be 60 years or older.

Heavy Dependence on Imports to Sustain Basic Living –

- *68% of fuel for electricity generation (2008)* [7]
- *85% of total food* [8]
- *75% of total material (all goods – 2003)* [9]
- *17% of people (average daily visitor count g.p.i.– 2006)*
- *99.9% of transportation fuel (2008)* [10]

Hawai‘i Island has an unparalleled abundance of natural renewable energy sources and an ideal climatic condition for growing food. Despite these facts, its economy is highly dependent on importing food, energy, and materials for economic growth. Existing policies that encourage continuation of an import economy not only increases the cost of living and future risk for island families, but limit opportunities for local job creation and livable wages.

There's a problem on this island. People can't make it – the bare minimum – even when they're working, working more than one job, sometimes working overtime.

Kūpuna

The costs of relying this heavily on imports and the resulting impacts of energy use on climate change have been well documented. This speaks to the need for a guiding philosophy for asset building that works toward a more balanced economy that creates jobs and business opportunities that help sustain Hawai'i Island. Policies that perpetuate limited earning opportunities and a high living cost for island families can hinder the ability for local residents to build assets, which would provide stability and help expand economic opportunity for future generations. Dependence on imports, such as fossil fuels, has been embedded into the institutional structure of public and private organizations for many decades, supported by both State and Federal Government. Building financial wealth at the expense of culture or through environmental degradation is ultimately unsustainable.

Any policy recommendations should consider a process by which individuals and families build strength and capacity to improve their lives. The following diagram depicts three factors that families consistently identified through their stories and sharing that they believe contribute to their economic struggles.

Challenges Facing Island Families

Limited Earning Opportunities
LOW INCOME

Difficulty Building Assets
ASSET POVERTY

High Living Cost
HIGH EXPENSE

Low Income + High Expenses = Asset Poverty
Asset Poverty = Instability (ill health, debt, divorce, homelessness, crime & violence)

B. Income – Limited Earning Opportunity

According to the Corporation for Enterprise Development's (CFED) *2009 Assets & Opportunity Scorecard*, the state's families rank last in average annual pay, earning $20,255/year less than the average United States family. The impact of low pay is even greater for families in rural areas. The United States Department of Agriculture Economic Research Service estimated in 2007 that rural Hawai'i families earn an average of $9,801/year less than their urban counterparts in the state.

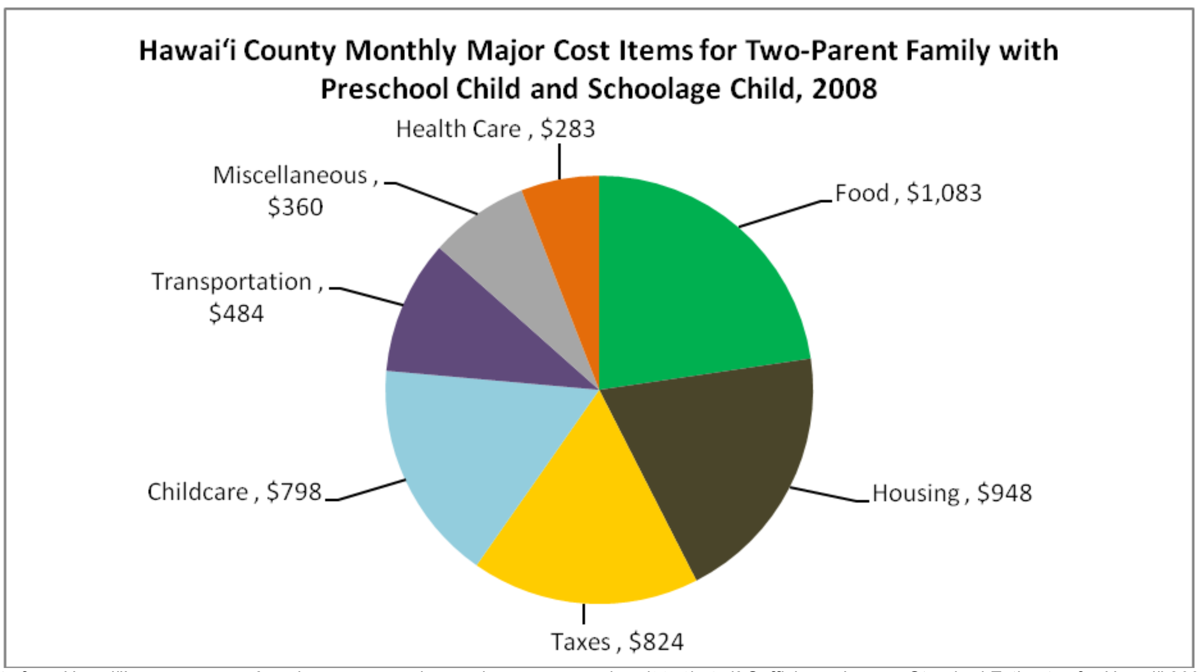
A significant number of Hawai'i Island families' household incomes are below the Family Economic Self Sufficiency (FESS) Standard – the amount of money individuals and families need to meet their basic living costs such as food, housing, transportation, and child care without government and/or other subsidies – for the island of Hawai'i.

Over 44% of single adults, 51% of single parents with one child, 82% of single parents with two children, and 26% of families of four did not make enough income to meet their basic needs in 2007, at the height of the recent economic boom.[11] The disparity is also magnified by location. Median household income in 23 of 28 communities in the districts of Hāmākua, North and South Hilo, Puna and Ka'ū, were well below the self-sufficiency standard required to support the basic needs of two adults and one child.

Many families live below the economic self-sufficiency standard due to limited opportunities to earn a living wage on the island. For single parents, only two of the top 20 most common occupations in Hawai'i County meet the living wage standard. For two-parent families, only four of the top 20 occupations meet the living wage standard.[12] This limited earning opportunity is further exasperated by one of the highest living costs in the nation.

C. Household Expenses – The High Cost of Living

Hawai'i County leads the nation in the cost of electricity, fuel, rental housing, and food prices. A typical household with two cars spends approximately $2,500 per year in gasoline and $2,300 in electric bills.[13] More than 50% of renters and home owners with mortgage paid 30% or more of their income on housing. Twenty-two percent of average family income is spent on food as opposed to 13% on the mainland.



Data from Hawai'i's Department of Business, Economic Development & Tourism (2010). Self-Sufficiency Income Standard Estimates for Hawai'i 2008[14]

According to a study commissioned by the County of Hawai'i and conducted by the Center for Industrial Ecology at Yale School of Forestry & Environmental Studies (*Energy Efficiency In Low-Income Communities On Hawai'i Island,* June, 2011), the average household on Hawai'i Island spends $191 per month on electricity as compared to $157 per month for O'ahu households. These electricity expenditures represent 6.4% and 3.7% of household income, respectively. For Hawai'i

Island households with incomes below 150% of the federal poverty level, the percentage of income going to electricity costs more than doubles to 14.8%.

Health care costs are growing at annual rate of about 8% (the historical average). Based on this projection, in 10 years the average single payer in Hawai'i will be paying $13,400 in medical and drug costs from the current level of about $5,000.

The cost of food, electricity and transportation are currently tied to the rise and fall of fossil fuel prices and associated pollution. Rising fossil fuel prices and healthcare costs are significant threats to the financial security of island families.

D. Difficulty Building Assets

For generations, island families have been saving and building their assets in hope of a better future for themselves and their children. Assets protect families from uncertainty, create stability, and provide opportunity for future generations. Asset-poor households would not have any savings or wealth to provide for basic needs during a sudden job loss or medical emergency. Saving money for the future was essential to island families in the past, but over 20% of households in the state were living without checking, savings, or money market accounts in 2006. During the same year, 14.2% of households in the state of Hawai'i were considered to have zero or negative net worth.

When we're finally starting to do real good, we get penalized by the system – like when we're trying to save money.

Young Father in Kona

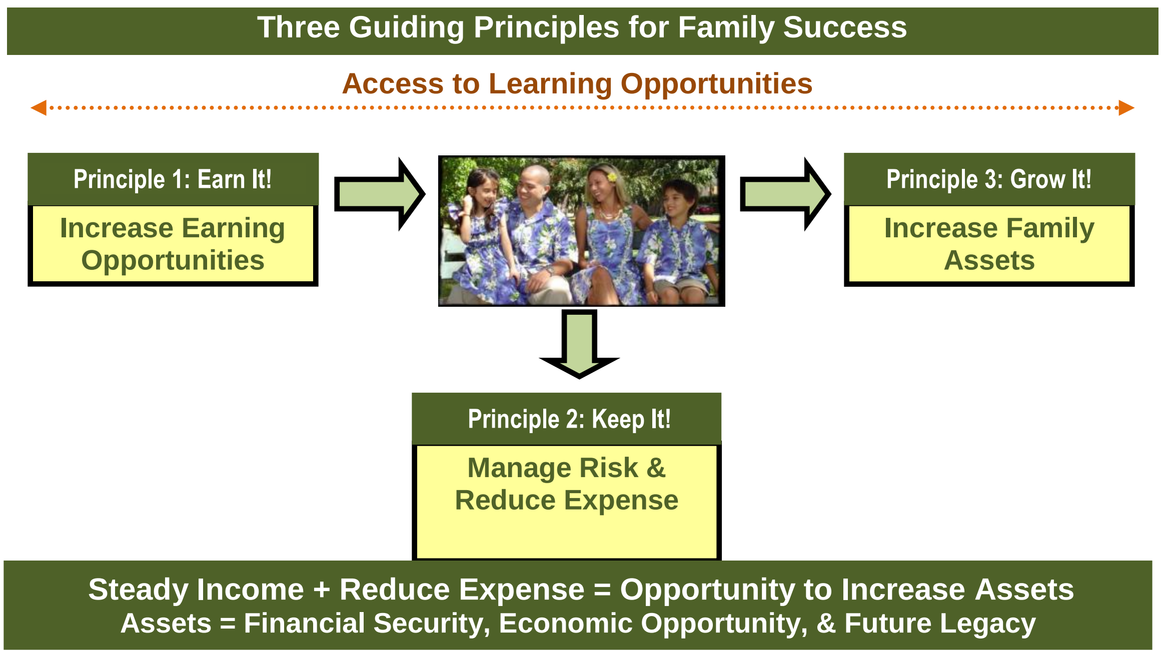
A household with negative net worth owes more than it owns (i.e., its household debt is greater than household financial assets). As of 2008, the median credit card debt of families in Hawai'i was around $2,859.[15] High levels of unbanked households, debt, and extreme asset poverty impact the health of island families. According to the Hawai'i County Community Health Profile, the island's low income per capita and high income disparity show the health of the people of Hawai'i County is consistently worse than the state average.[16]

E. 'Ohana Economics

The root word of *economics* is *oikonomia (οἰκονομία),* a Greek word meaning "management of household." [17] The concept of '*ohana economics* provides a framework that is designed to increase productivity at the family level.

The graphic on the next page shows this framework and builds on the Annie E. Casey Foundation's *Rural Family Economic Success* initiative. It shows Hawai'i Island's approach to asset building which encourages strategies that help families to:

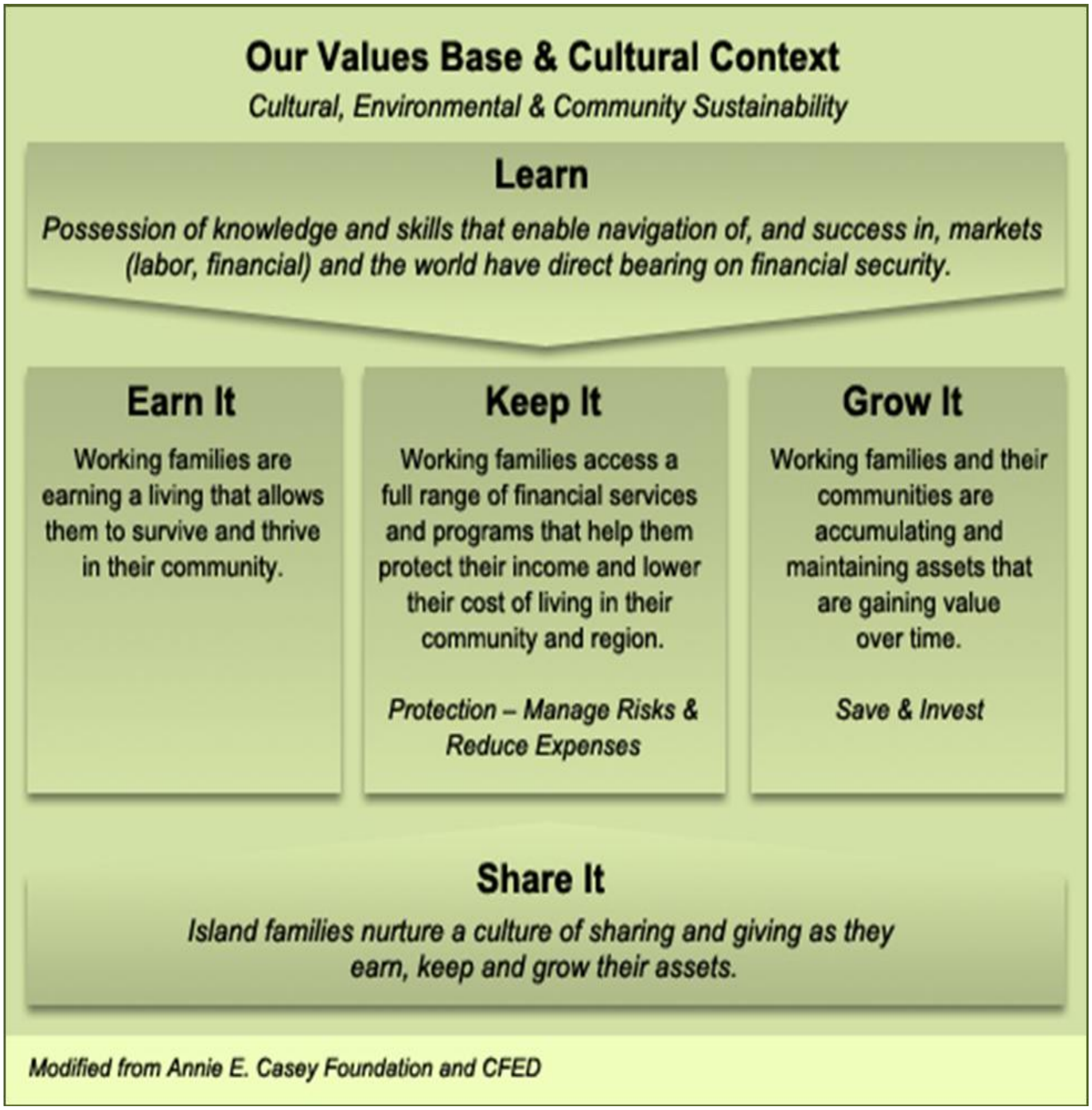
- *Earn It* – IF we increase earning opportunities through economic localization and development . . . THEN families will have a stable employment base for building assets.
- *Keep It* – IF we support families as they manage risk and reduce expenses . . . THEN families can better manage their household expenses and increase their options for building assets.
- *Grow It* – IF we help families increase their assets . . . THEN families will increase their self-sufficiency and have more choice and control in their lives to have *financial security* against difficult times; to create *economic opportunities* for themselves; and to *leave a legacy* by protecting our island community and environment for future generations' quality of life.



Beyond the *Earn It, Keep It, Grow It* frame, families and communities across the island shared stories and information during the ʻohana dialogue that building assets and wealth in Hawaiʻi is more than just about financial concerns – it is also about building assets from the perspective of island people, taking into account an island context, lifestyle, values, and culture. Within an island context, any wealth-building policies should focus on families and their extended ʻohana. When faced with adversity, people survive and thrive by receiving support from family, non-profit organizations, and local community networks.

The graphic on the following page shows the *Earn It, Keep It, Grow It* framework within Hawaiʻi Island's unique context – underpinned by the island's culture of sharing and giving.

Hoʻowaiwai Hawaiʻi Island Framework



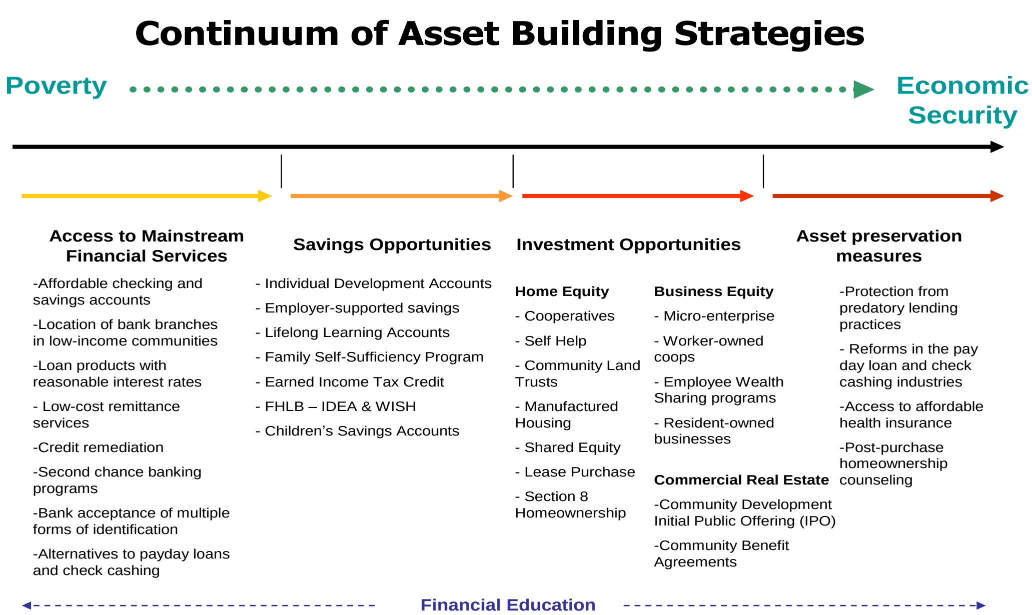
III. Leverage Areas for Policy & Action

> *"Kids do well when their families do well and families do better when they live in supportive neighborhoods and communities."* [18]

The above guiding tenet from the Annie E. Casey Foundation speaks to the need for a comprehensive approach to asset building – understanding that the health of our children and future generations is dependent on the health of our families and communities. Thus, the recommendations in this chapter reflect this understanding as seen through the perspectives of Hawai'i Island 'ohana. The leverage areas for policy and action should be viewed in the context of a whole system where asset building is embedded in county efforts that build thriving families and communities. This approach is grounded by the idea that a comprehensive asset-building agenda seeks to catalyze opportunities to coordinate multiple initiatives to achieve greater benefit for Hawai'i County residents. For example, experience shows that providing financial education does not have as much impact when performed alone as opposed to when performed in the context of a family situation such as during tax time, during pre-purchase home counseling, or when combined with the opening of a savings account.

This systems-based approach to asset building is also rooted in *Ho'owaiwai* and its underlying "*Share It"* foundation. The asset-building initiatives are intended to build stronger relationships within and between families to reinforce the strengths and resiliency exhibited on a daily basis. Building family and community assets is a collective responsibility that ultimately should support greater health; cultural awareness and pride; and environmental sustainability. Finally and, most importantly, these actions recognize that individuals and families can do for themselves if given the chance, incentives, and support.

The following graphic represents a selection of asset-building strategies in our recommendations and reinforces the interconnectedness of these initiatives:



From *Building Assets While Building Communities,* by Heather McCulloch for the Walter and Elise Haas Fund 2006

A. Earn It Strategies

Working families are earning a living that allows them to survive and thrive in their community.

A.1. Expand Services That Increase Financial Capability.

Financial capability is an emerging concept from the financial education/literacy field:

> *Financial capability is the ability of people "to understand, assess, and act in their best financial interest."* [19] *Financial capability requires financial literacy, but also requires access to appropriate financial products. In other words, financial capability requires both the ability to act (i.e., knowledge, skills, confidence, and motivation) and the opportunity to act (through access to beneficial financial products and institutions).* [20] *Together, ability and opportunity contribute to a person's financial well-being and life chances. In this way, financial actions link explicitly to broadening access to quality financial institutions.*[21]

Financial education is the continuing process used to increase our understanding of financial products, services and strategies and economics concepts in an effort to make better informed decisions regarding the effective use of all our resources—especially financial resources—in a dynamic economic environment, in order to plan for everyday expenditures, life's milestones and a lifetime of well-being.[22]

Increasing financial capability requires expanding access to financial education in combination with access to appropriate savings products and services such as Volunteer Income Tax Assistance (VITA).

A.2. Increase Access To Income-Boosting Tax Credits.

The Earned Income Tax Credit (EITC) is a refundable federal income tax credit for low- to moderate-income working individuals and families. When the EITC exceeds the amount of taxes owed, it results in a tax refund to those who claim and qualify for the credit. It is estimated that $40 million in EITC and child tax credit refunds are not claimed by eligible families in Hawaiʻi each year. To qualify, taxpayers must file a tax return, and the Internal Revenue Service supports free VITA to assist individuals to do so and claim their EITC credit. Thus, expansion of VITA sites across Hawaiʻi County would increase the amount of eligible federal dollars claimed by county residents.

VITA services not only ensure that eligible filers receive their EITC credit but allow the filers to save money that would otherwise go to a paid preparer. Given that an EITC refund is often the only time of year that a family has a significant source of disposable income it is a unique opportunity to provide access to financial capability training and saving products such as matched savings accounts.

A.3. Expand Research & Development Of Local Workforce & Industries That Create Living Wage Jobs.

In 2010, the state of Hawaiʻi predicted that "green" jobs would increase by 42% in 2012.[23] The Hawaiʻi County Resource Center also published an analysis of the Island's green economy in September 2010. Both reports reinforce the idea that workforce development and businesses support from the county should be targeted to high growth industries that create living wage jobs.

Green jobs support the overall goal of creating economic development that reduces our dependence on imported oil and creates environmental benefits. These industries also support families in reducing monthly expenses on energy thereby allowing them to keep more of their hard-earned income.

A.4. Encourage Anchor Institutions To Optimize Their Resource Use, Invest In Their People, & Leverage Their Purchasing Power To Develop The Local Economy.

Anchor institutions like schools, hospitals, churches, resorts, and public utilities are becoming key partners in community development due to their purchasing power. These entities – with the proper incentives and motivation – have the economic potential to leverage their assets and revenues to promote local development, through such means as: purchasing locally made goods and services; incubating the development of new businesses, including social enterprise among nonprofits; serving as an advisor or network builder; and using pension and endowment funds to invest in local job creation strategies. Supporting anchor institutions to purchase and invest locally will increase the circulation of dollars in the local economy thereby creating jobs and increasing wages.

B. **Keep It Strategies**

Working families access a range of financial services and products that help them protect their income and lower their cost of living in their community and region.

B.1. Encourage Access To Appropriate Financial Accounts

Those families who do not have a savings or checking account (unbanked) and those who do not actively use these accounts (underbanked) often rely on alternative financial services such as check cashers or payday lenders. These products are expensive and have considerable interest rates. "Bank On" initiatives are modeled after the Bank On San Francisco program created in 2005 where local officials challenged every local financial institution to partner with the City and help remove barriers that have historically kept the unbanked out of the financial mainstream.[24]

The County can partner with local financial institutions and credit unions to adopt a local "Bank On Hawai'i County" initiative to increase the number of residents who actively utilize a checking or savings account.

B.2. Matched Savings Accounts For Youth & Adults

Individual Development Accounts (IDA's) are matched savings accounts that operate like 401(k) accounts for low-income families. By giving low-income savers incentives such as a 2:1 to 5:1 savings match, IDA's are designed to promote the accumulation of savings and appreciating assets. The uses of IDA funds upon withdrawal are typically restricted to the purchase of a first home, paying for post-secondary education, or starting a small business.

The County has also partnered with local schools, credit unions, and the University of Hawai'i to provide child savings accounts (CSAs) modeled after IDAs to local elementary school students.

These starter accounts provide modest matches to encourage savings behavior among the students and their families. In a short amount of time the CSA pilot projects have generated a significant amount of participation from students. The County can provide financial support for matched savings accounts and the administrative costs to support such efforts.

B.3. Improve Consumer Protections To Enhance Financial Stability

Understanding and evaluating financial products can be a difficult exercise. New products and services are marketed regularly and many families are open to abuse if they do not clearly understand their options. Low income families and the elderly are particularly susceptible to fraud.

The County should strengthen and expand its partnership with the State Department of Commerce & Consumer Affairs to provide information and awareness of protecting assets.

B.4. Ensure Access To A Range of Transportation Options & Prioritize Transit Oriented Development (TOD) Opportunities.

Many residents live some distance from the urban core centers where services and jobs are located. Transportation costs contribute significantly to monthly expenses and commute times mean time spent away from families. The free Hele On Bus service is a valuable resource for families and has the environmental benefits of reducing individual car usage. The County should continually solicit community feedback and input into the bus schedules and stop locations. Where bus transportation may not be consistently feasible the County can support a continuum of transportation options through zoning and financial incentives:

- *Park & Ride* – Parking facilities at transit stations, bus stops and highway onramps, particularly at the urban fringe. Some include bicycle parking.
- *Affordable Car Purchases* – Insufficient credit or income can make car purchases difficult. A growing number of organizations are offering alternative ways to purchase a reliable car so residents can get to a job.
- *Vanpool* – A vanpool is a group of 7 - 15 people who commute together on a regular basis in a van. Each vanpool has a primary driver/coordinator and one or more alternate drivers. The vanpool participants share cost of the van and all other operating expenses.

The County can also support Transit-Oriented Development through zoning preferences. TOD is characterized by compact, mixed-use development within walking distance of transit stations or stops. The transit stations or stops are prominent features of town centers and can be weaved throughout the community, creating attractive, pedestrian and bicycle-friendly villages. With good connectivity and walkability, transit-oriented development promotes an active lifestyle and minimizes the need for cars.[25]

B.5. Promote Access To Healthy, Local Food Sources

Having access to local food systems allows families to be less reliant on imported products. Import substitution also helps build assets when families utilize community gardens and spend less income on food expenses. Farming and growing one's own produce are not easy endeavors and need to be supported by micro-financing, access to land and water, and technical assistance. Reducing food expenses and promoting local food systems encourages stewardship of natural resources in a way that reduces overall energy use when shipping is considered. Strategies include:

- *Community Gardens* are any piece of land gardened by a group of people. Community Gardens have been shown to increase property values, reduce crime, and increase individual empowerment. More importantly community gardens build social capital, strengthen food security, and tie individuals and families to the land.
- *Farmers' Markets* are designed to create a direct relationship between farmers and consumers. It is estimated that more than three million consumers shop and more than 30,000 farmers sell at these markets annually. Farmers earn fair prices for the fruits of their labor by selling directly to consumers. Consumers gain access to fresh, nutritious, local produce. Farmers markets provide entrepreneurial opportunities for farmers and support the preservation of agriculture land by expanding marketing opportunities.
- *Model Education Farms* are growing in number and impact across Hawai'i. Examples include Mala Ai 'Opio in Wai'anae, which serves as a working organic farm and youth development project. This provides an opportunity for youth to learn about the basics of farming while connecting them to the land.

The County can provide financial support to organizations implementing the preceding strategies, and it can also make available County land for such activities.

B.6. Increase Energy Efficiency Through Financing Options & Improving Outreach

In its report, *Energy Efficiency In Low-Income Communities On Hawai'i Island,* (June, 2011), the Center for Industrial Ecology at Yale School of Forestry & Environmental Studies recommends that a broad set of financing options be made available to assist low-income households in overcoming barriers to investing in energy efficiency and reducing costs. These financing options could include third-party loans, revolving loan funds, property-assessed clean energy models (PACE), and on-bill financing.

In addition, the Center recommends that a more comprehensive, centrally coordinated outreach effort be developed to educate and provide incentives for households to make energy efficiency gains. This includes: [1] educating households on how to better manage their home energy use, with a focus on understanding behavioral-based efficiency gains that require no upfront capital costs; and [2] increasing participation in existing incentive and rebate programs, particularly for those that require some upfront investment from households.

C. **Grow It Strategies**

Working families and their communities are accumulating and maintaining assets that are gaining value over time.

C.1. Enhance Access To Housing Ownership & Availability Of Affordable Rentals

A home is an asset that allows stability, fosters long-term thinking, and builds both financial equity and commitment to a neighborhood. However, for more than one-third of families on Hawai'i

Island, the dream of individual homeownership is becoming unattainable. In Hawai'i, 54.2% of housing units were owner-occupied in 2007. This low ownership rate ranked the state 48th in the nation. The most recent data on homeownership in Hawai'i County were from the year 2000, with an ownership rate of 64.5%, but 40% of homeowners pay 30% or more of income for housing,[26] spending more than the recommended percentage of income on housing costs. The County can support homeownership by:

- Improving homeownership education for first time homebuyers.
- Providing infrastructure investment to develop workforce housing.
- Supporting Rent-To-Own, shared ownership, affordable rentals, and self-build/sweat-equity homeownership.

C.2. Encourage & Identify Appropriate Community-Based Investment Models

A variety of strategies are available to promote and support local development and job creation. Community Development Financial Institutions (CDFIs) can be encouraged to invest in job creation and business development that promote community wealth building. Proposed real estate development can be leveraged to promote local retail, employer-assisted housing, and community land trusts. Additionally, pension and endowment funds can be encouraged to invest in local job creation strategies and to provide community venture capital for nonprofits, entrepreneurs, and employee-owned firms.

Co-operatives are enterprises that put people at the center of the business instead of capital. Co-operatives are business enterprises and thus can be defined in terms of three basic interests: ownership, control, and beneficiary. Only in the co-operative enterprise are all three interests vested directly in the hands of the user.[27] The main advantage to Coops is not only the wages earned by the worker-owners, but also the annual dividend payments that result from the profits of the organization.

C.3. Support Asset Building & Community-Based Economic Development Through Participatory Regional Planning & Implementation of Community Development Plans

Sustainable and livable communities expand affordability, access, choices, connection and collaboration, while protecting and enhancing island sense of place. Appropriate development in well-planned neighborhoods safeguards our health and economy, saves our time and farmland, strengthens our communities, encourages more healthy lifestyles, reduces our dependence on fossil fuel and conserves our natural areas. Poorly planned sprawling growth, wastes all those things.[28]

The County should encourage, support, and implement asset building and community investment models that are consistent with and relevant to the community vision, values, and strategies identified through the County's CDP process in regions across the island, including upgrading existing land use regulations that support such strategies.

IV. Implementation Considerations

A. A Network Approach to Asset Building

"Communities are built on connections. Better connections usually provide better opportunities." [29]

The County of Hawai'i can play a powerful role in building family and community assets by playing the role of connector, weaver, collaborator, and facilitator of others promoting and acting on strategies to effectively support families as they pave their own pathway to increased economic self-sufficiency. Network building is a growing approach to maximize the impact of a collective group of organizations and individuals connected by a common purpose. As Peter Plastrik and Madeliene Taylor note:

> *A network's reach can help people separated by geography and other factors to bring together the information, analyses, and ideas they each have, and allow them to reach shared conclusions that might not otherwise be developed. Such connectivity makes each "node" more productive and supports the creation of innovations, which arise from combinations of ideas.* [30]

Locally, the statewide Ho'owaiwai Network (www.assetshawaii.org) is comprised of private and public organizations, community practitioners, financial institutions, and families and youth in Hawai'i that organize actions to address asset poverty and build the wealth and financial stability of Hawai'i's working families. Ho'owaiwai Network members work to build strategies and tools to increase family and community assets within the unique context of Hawai'i.

In December 2010, the Ho'owaiwai Network co-hosted a statewide asset-building symposium with the County of Hawai'i – *Springboard To Prosperity: Building The Financial Stability, Wealth, & Well Being of Hawai'i's Working Families.* More than 200 local and national representatives from state and local government, financial institutions and other private sector entities, community-based and grassroots organizations and leaders, and coalitions participated in the symposium. The symposium provided the opportunity to share information and identify strategies and actions related to employer-based asset-building strategies, to innovative financial products and partnerships with financial institutions, to social enterprises as a community wealth-building strategy, to tax time strategies for asset building, and to innovations in youth asset building, among other topics. One outcome of the symposium was the convening of Ho'owaiwai Network – Hawai'i Island. To date, there have been two follow-up meetings of the Hawai'i Island Network to increase connections and coordination among asset-building players and stakeholders in the community and to identify strategic actions to support family financial empowerment.

The County is already using this network approach to involve a diverse range of community and private sector partners to implement an island-wide children's savings initiative, support tax time services and benefits, and provide financial education and coaching support. The County can build on these efforts by continuing to serve as a convener and weaver of the Ho'owaiwai Network – Hawai'i Island to catalyze connections and opportunities between practitioners and county officials. This network approach with distributed leadership where organizations are leading in different issue areas will allow the County to increase its effectiveness and also to learn from and solicit feedback from grassroots efforts. By supporting a network approach to asset building through the

Hoʻowaiwai Network – Hawaiʻi Island, the County can better ensure the long-term sustainability of collective actions to build assets across the island.

B. **Embedding Asset Building in Local Government**

Nationally, the *Cities for Financial Empowerment Coalition* (CFE) brings together pioneering municipal governments from across the country that have begun to use their power and positions to advance innovative financial empowerment initiatives.[31] Led by New York City and the City of San Francisco, CFE members also include Chicago, Los Angeles, Miami, Newark, Providence, San Antonio, Savannah, and Seattle. Recently, the County of Hawaiʻi was the first county government to be invited into the coalition based on its innovative asset building work to date.

The fundamental approach taken by CFE members is to embed and centralize financial empowerment and asset-building strategies within local governmental systems. Like people, cities are trying to do more with less and to make every dollar stretch. One cost effective measure is to utilize already existing city government infrastructure and draw on established public and private partners. According to CFED in its 2010 report *Building Economic Security in America's Cities: New Municipal Strategies for Asset Building & Financial Empowerment*, CFE leaders are pioneering new ways to leverage the resources and regulatory power of municipalities to work across departmental silos and public/private sector divides to scale up economic inclusion and asset-building opportunities for low- and moderate-income families. In addition, the recognition that high levels of asset poverty threaten the economic security and well-being of communities as a whole has led these cities to ask difficult questions about the costs of inaction and decided that there are smart investments to be made. For example, some programs, like San Francisco's Kindergarten to College CSA program, come with a high initial price tag for the city but because of their long-term cost-savings are recognized as worthy of investment.

By fully participating in this coalition, the County can not only learn from, but influence the national dialogue regarding a broader asset-building agenda that seeks to promote health, culture, the environment, and other assets beyond financial.

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