

Executive Summary

Executive

Summary

Inclusive Economic Development

A bottom-up approach of inclusive economic development is achieved through empowering people, investing in under-resourced business and organizations, and revitalizing neighborhoods. This requires support for existing Community Based Organizations in the region and improving relationships at all levels within the region to better leverage economic development opportunities.

Landscape Analysis

Kalihi is a region of stark contrasts. There are significant barriers and challenges to economic development that exist for many area residents and businesses including high levels of poverty and low levels of educational attainment. But Kalihi also presents unique opportunities, such as its central location in urban Honolulu and an existing pool of Business Development Organizations (BDOs) to help support entrepreneurs and small businesses in the region.

Recommendations

Given the existing challenges and opportunities, the first recommendation is to **strengthen the local small business ecosystem.** This strengthening can happen in multiple ways including the establishment of a BDO network, capacity building activities for BDOs, and helping small businesses to access capital.

The Second Recommendation is to increase family income and wealth building using a multi-pronged approach including financial education and coaching, supporting career pathways, identifying barriers, and facilitating partnerships.

About Inclusive Economic Development



Inclusive Economic

Development



"Community-centered economic inclusion is a place-based approach that values process as well as outcomes in achieving equity—seeking to build community power, shift relational dynamics, and bridge policy siloes, all while working toward equity-focused neighborhood-level change. Rather than expecting economic development investments at the city and regional level to "trickle down" to disinvested neighborhoods (which they rarely do), it contends that by improving economic outcomes in underinvested places, these positive outcomes will "trickle up" to strengthen the city and region at large.

- Brookings Institution in partnership w/LISC

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Impacts of

Community-Centered



Early Outcomes from 5 cities:

Los Angeles, Indianapolis, Detroit, San Diego, and Philadelphia.

Outcome #1

Community-centered economic inclusion strengthened the capacity of small and grassroots community-based organizations to advance community priorities.

Outcome #2

Community-centered economic inclusion shifted relationships between underinvested communities, their city, and their region to better connect neighborhoods to opportunity.

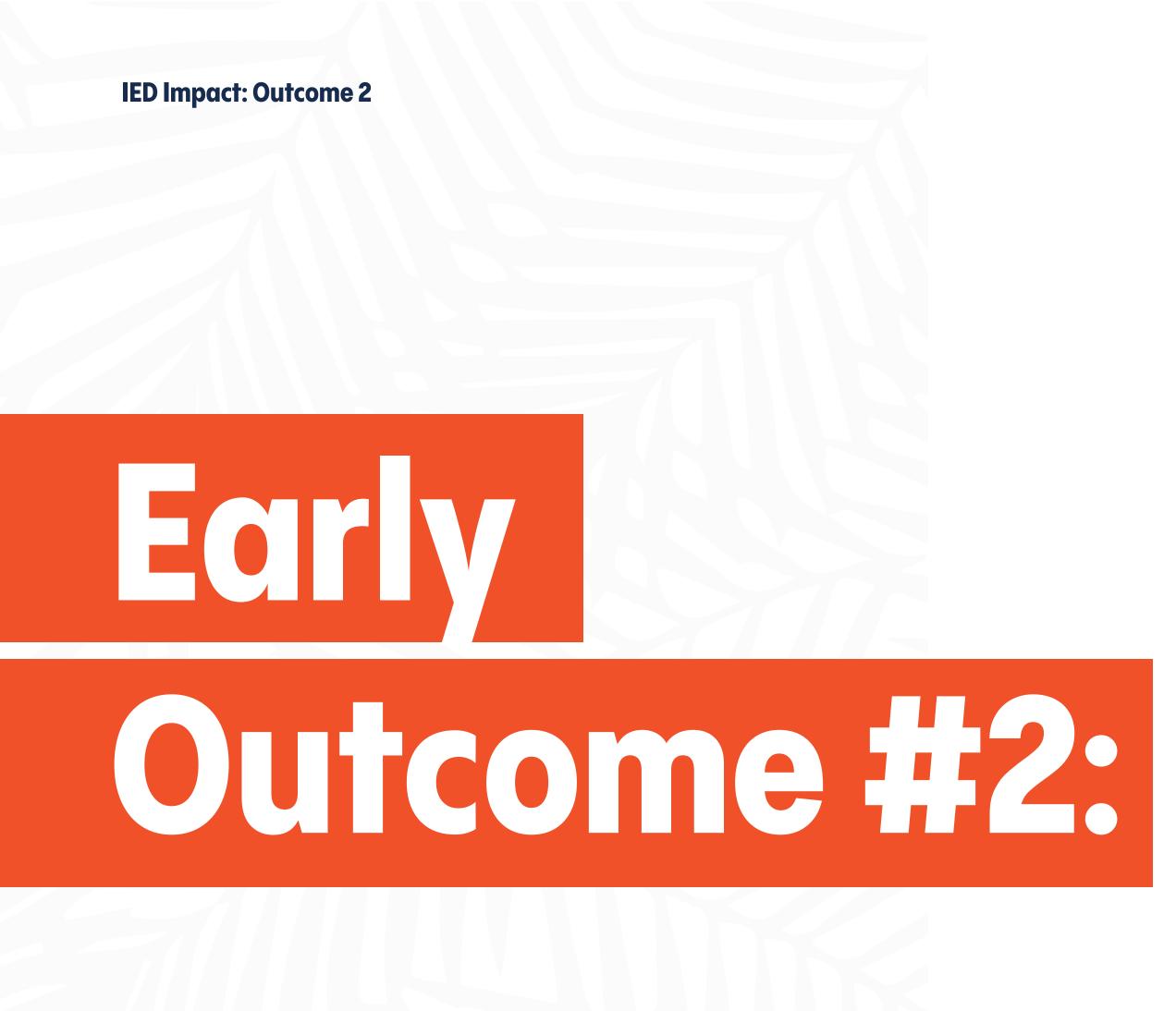
Outcome #3

Community-centered economic inclusion delivered early wins in increasing capital investment and training in underinvested neighborhoods, particularly for the under-resourced, minority-owned small businesses located within them.

IED Impact: Outcome 1 Outcome #1:

Strengthened the capacity of small and grassroots community-based organizations to advance community priorities.

- \$4.5 million administered in grants to CBOs across 5 cities
- Funded research and engagement process to support the development of a community focused business association
- Helped develop an Economic Development Collaborative Policy Committee to advocate for neighborhood priorities
- Helped acquire national funding for a new community development corporation to conduct market study and feasibility assessment for a proposed day care facility in focus neighborhood
- Funded a construction to a CBO to rehabilitate a former textile mill to create space for nonprofits and community-serving businesses
- Launched a yearlong leadership and executive management program to build a cohort of strong Black leaders that have the capacity and infrastructure necessary to build the social and economic power of low-income communities



Shifted relationships between underinvested communities, their city, and their region to better connect neighborhoods to opportunity.

- In Indianapolis and Los Angeles, the community-centered economic inclusion process resulted in the City officials hearing from and better understanding residents and community-based organizations perspectives.
- In Indianapolis, the process began to influence City policy, ultimately leading to a \$3.5 million grant from the City to achieve community and economic development goals embedded in the plans. The plan was imperative for applying for and being selected for the grant by demonstrating a collective plan was in place.

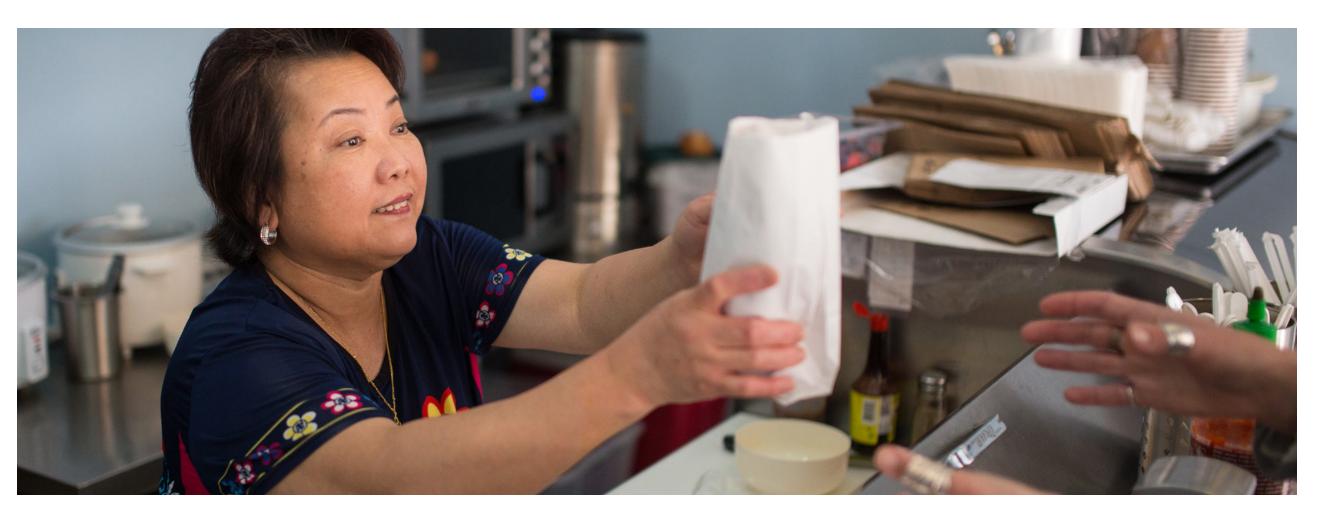
IED Impact: Outcome 3 ECITIV Outcome #3:

Delivered early wins in increasing capital investment and training in underinvested neighborhoods, particularly for the under-resourced, minority-owned small businesses located within them.

- \$5.3 million in direct capital to support 395 Black-and Latino- or Hispanic-owned small businesses in South LA
- \$936,000 in grants in San Diego to small businesses/ entrepreneurs served by City Heights communitybased organizations
- \$130,000 in capital to support 26 Black- and Latinoor Hispanic-owned small business in the Far Eastside of Indianapolis
- \$30,000 to support facade improvement for Milwaukee Junction-based small businesses in Detroit

Case Studies: San Diego, CA

Studies Studies

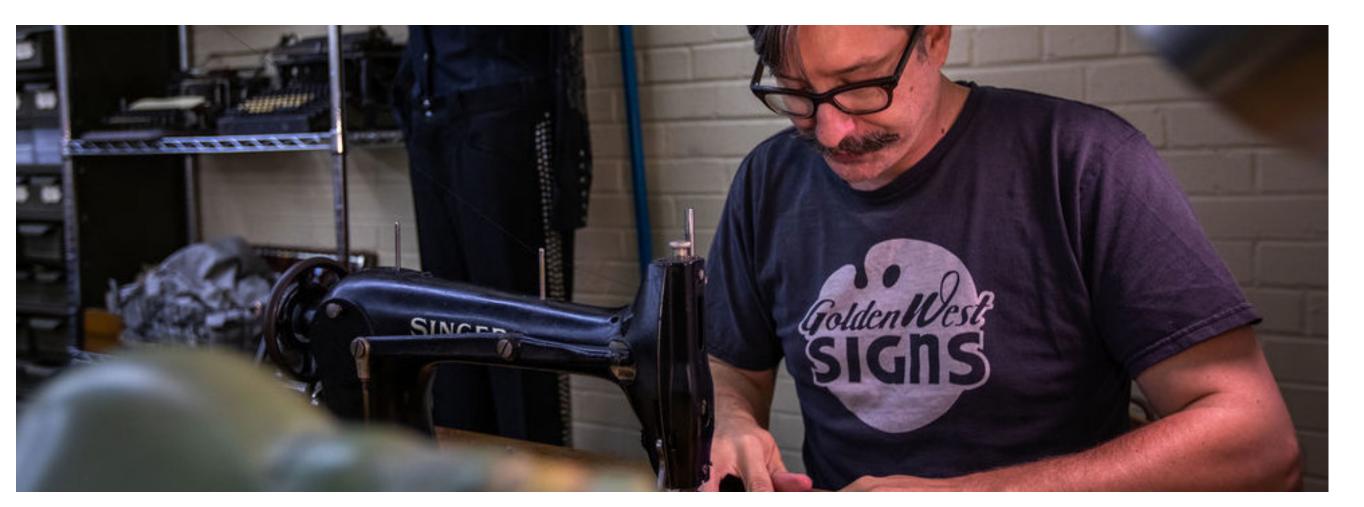


San Diego, CA

- \$1,151,000 administered in grants to City Heights-based CBOs
- Helped develop a City Heights Economic Development Collaborative Policy Committee to advocate for neighborhood policy priorities
- New Capital: \$936,000 in grants to small businesses/entrepreneurs served by City Heights community-based organizations
- Business training for vulnerable groups, plus free counseling and mental health services for small business and their employees in City Heights
- Launched a Black Homebuyers Program to provide Black first-time homebuyers with counseling and grants up to \$40,000 for downpayment assistance. So far \$950,000 in grants has been allocated.
- Funded the development of an urban farm hub in City Heights and provided funding to City Heights Farmers' Market to keep it running during COVID-19
- Launched an Affordable Housing Property Management career pathway training program for City Heights residents

Case Studies: Indianapolis, IN

Case Studies



Indianapolis, IN

- Helped acquire national funding for a new community development corporation to conduct a market study and feasibility assessment for a proposed day care facility in the Far Eastside
- Selected for \$3.5 million Department of Housing and Urban Development funding to achieve community and economic development goals embedded in neighborhood plans
- New Capital: \$130,000 in capital to support 26 Black- and Latino- or Hispanic-owned small businesses in the Far Eastside
- Developed culturally responsive small business technical assistance programs specifically for Black and Latino or Hispanic entrepreneurs

Inclusive Economic Development Process

Process



Step 1: Identification

Using a variety of criteria including the location, needs, assets, economic activity, and community based organizations, Kalihi was selected as the target community.



Step 3: Document Review

To ensure that the Analysis builds upon existing plans, takes into consideration past and current economic development efforts, and is aligned with what community members have indicated in the past, a document review of existing plans was completed, which included various plans from the City & County of Honolulu.



The Next Step: Inclusive Economic Agenda

After the completion of the Report, LISC will guide partnerships with community stakeholders and key organizations to collectively create a shared agenda.





To provide proper context and understanding of the target region, data regarding demographic information, socioeconomic trends, and workforce conditions was collected and analyzed.



Step 4: Stakeholder Interviews

Interviews with key stakeholders were conducted to collect feedback regarding challenges, successes, needs, and opportunities within the target region.

IED Process Step 1: Identification

Step 1:

Identification

Kalihi was selected as the focus of the Study based on a specific set of criteria:

Need

The presence of economic inequalities including, but not limited to, high rates of poverty and high housing-related costs.

Opportunity

The presence of undervalued assets including, but not limited to, industrial spaces and small businesses. A population size and economic activity level with the potential for broader impacts.

Readiness

The presence of community-based organizations that could be leaders in the economic inclusion process.

IED Process Step 2: Data Collection

Step 2:

Data Collection

Data collection played an important role in identifying existing challenges and needs, as well as community strengths and assets that can be built upon.

Sources of data utilized include:

- U.S. Census Bureau
- Small Business Administration
- Hawaii State Data Center
- Department of Homeland Security
- City & County of Honolulu
- National Park Service
- United Way
- National CAPACD
- Health Resources & Services Administration

The collected data was then aggregated and visualizations were created for ease of consumption. The Study includes information related to:

- BIPOC population
- Cost of living and poverty
- Education
- Employment and income
- Language and immigration
- Housing and rent
- Transportation and commuting
- Internet and computing
- Small businesses and loans
- Banking and financing
- Food costs and access

Step 3:

Document Review

Several Hawaii and Honolulu plans and studies that include the Kalihi area have been created over the past several years.

Relevant information from these existing plans have been highlighted for the purposes of this Study.

This information can help to inform future activities and help to ensure that the desires and concerns of the businesses and organizations within the greater Kalihi area are taken into consideration.

Documents reviewed include:

- Oahu General Plan Review Report 2010-2017
- City and County of Honolulu General Plan Update: Commercial Real Estate Market Trends
- Primary Urban Center Development Plan
- Kalihi Neighborhood Transit-Oriented Development Plan: Stakeholder Interviews Report
- Kalihi-Palama Action Plan
- Hawaii Tourism Authority (HTA): Strategic Plan 2020-2025

IED Process Step 4: Stakeholder Interviews

Step 4:

Stakeholder

Interviews

Stakeholders interview represent businesses, community networking organizations, technical assistance providers, and support service providers in Kalihi. The feedback is helpful for identifying economic development needs, economic development challenges, and successful economic development activities already happening within the community.

Organizations represented in the interviews include:

- Hawaii Arts Alliance
- Ho'omaikai LLC Maile Meyer
- Kokua Kalihi Valley (KKV)
- Hawaii Investment Ready (HIR)
- Hub Coworking Hawaii
- Pacific Gateway Center (PGC)
- Chinatown 808
- United Chinese Society
- Chinese Chamber of Commerce
- Honolulu Community College (HCC)
- Bishop Museum

Step 5:

Inclusive

Economic Agenda

Economic Inclusion Agenda

is a work plan that prioritizes and guides coordinated investment and programmatic activity by aligning workforce and economic development efforts with the culturally-rooted capacities and programs of community-based organizations. The process also requires the participation and investment of small businesses, foundations and philanthropy, regional economies, and local and State government.

Landscape Analysis

History of Kalihi

History of

Kalihi

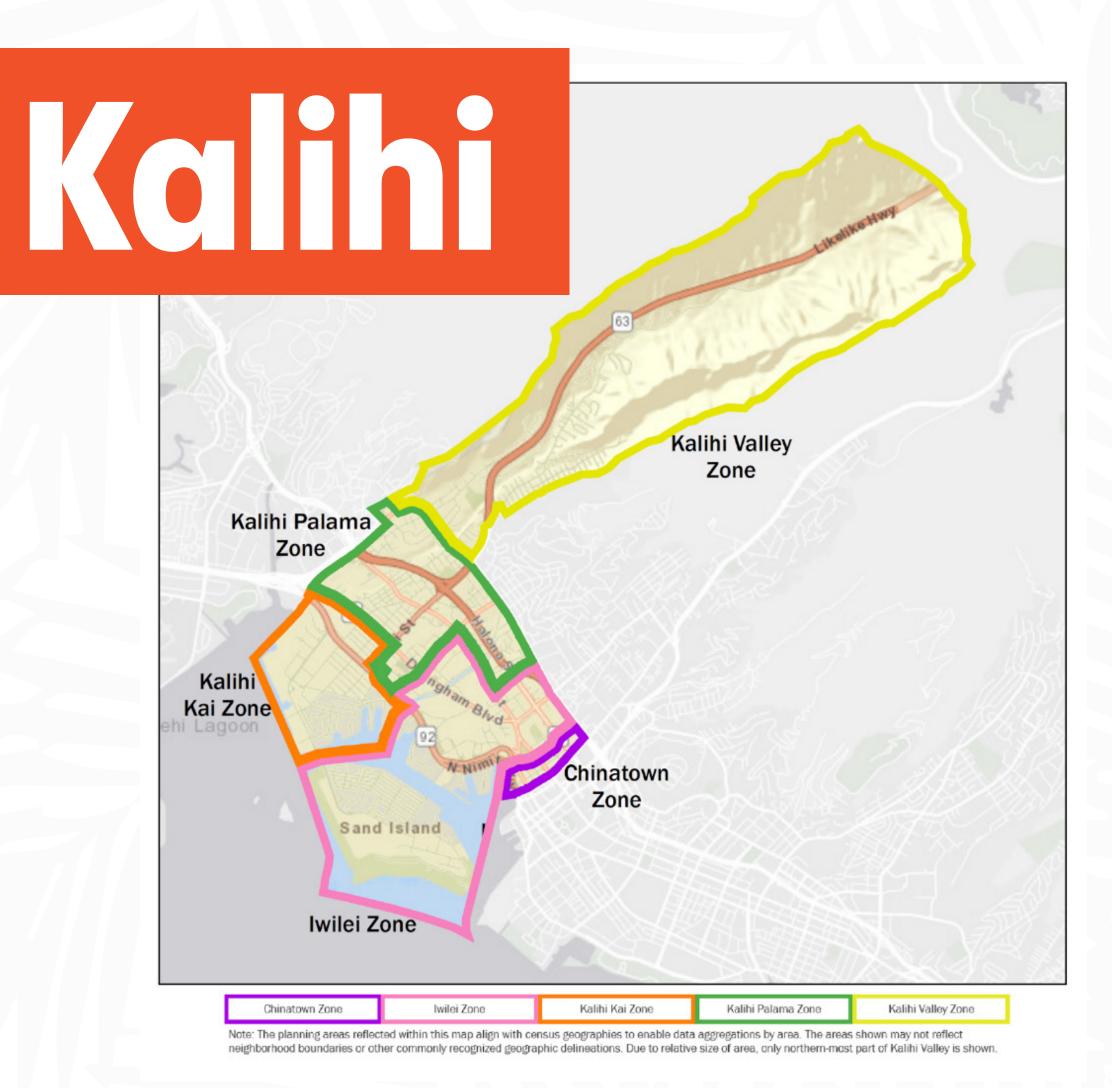


Kalihi

In legend, Kalihi is famous for being the **home of both Pele's sister**, **Kapo**, **and mother**, **Haumea**. It is said that the area was named Kalihi by **Prince Lot**, who would later become Kamehameha V. The name Kalihi comes from ka lihi, which literally means "the edge."

Historically, Kalihi was a **rich, food producing region** for the Native Hawaiians with many Loko I'a (fishponds) and Lo'i Kalo (taro patches). Today, several **community organizations in Kalihi are working hard to restore and revive** that traditional food production through the growing, harvesting, and distribution of crops and plants.

Landscape Analysis



Kalihi Valley Zone

The presence of economic inequalities including, but not limited to, high rates of poverty and high housing-related costs.

Kalihi Palama Zone

The presence of undervalued assets including, but not limited to, industrial spaces and small businesses. A population size and economic activity level with the potential for broader impacts.

Kalihi Kai Zone

Community-centered economic inclusion delivered early wins in increasing capital investment and training in underinvested neighborhoods, particularly for the under-resourced, minority-owned small businesses located within them.

Iwilei Zone

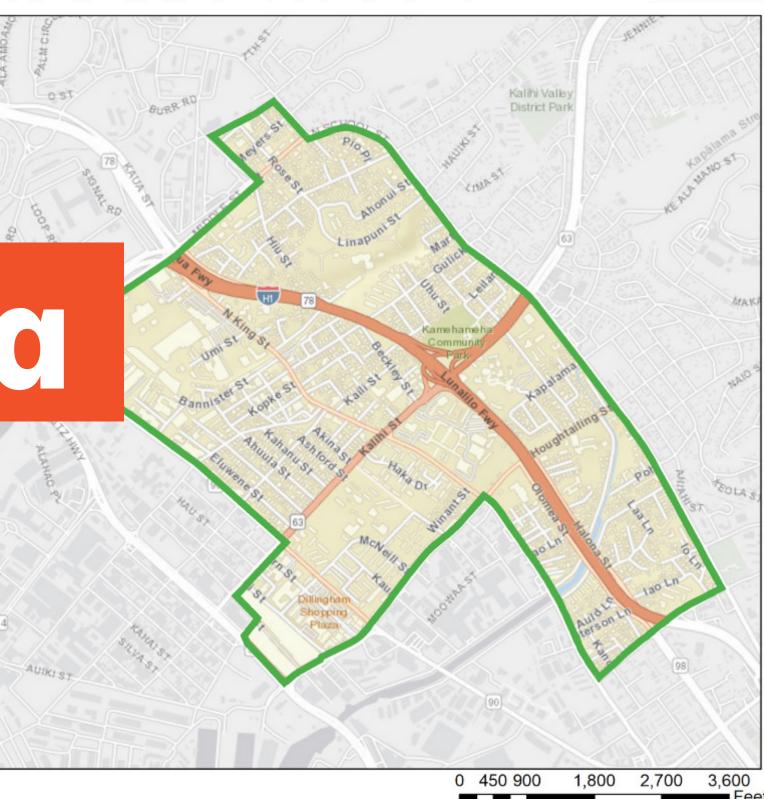
Home to several large, big-box retailers including Costco and Home Depot

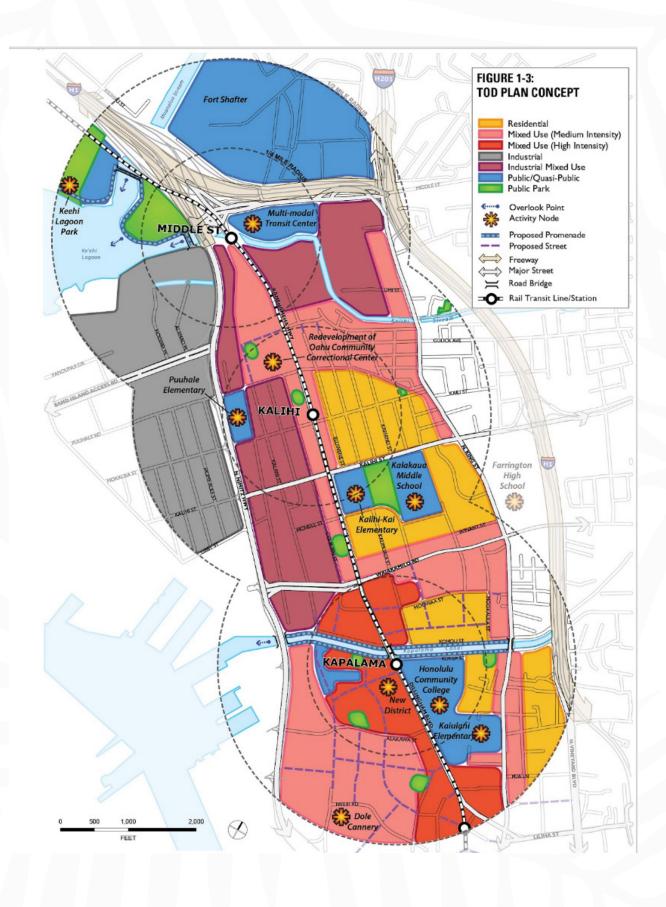
Chinatown Zone

Home to many small businesses that were started by Chinese laborers who moved to Honolulu after leaving the plantations

Focus:

Kalihi Palama





Main Corridors in the Zone

- . Dillingham Boulevard
- . King Street
- . School Street

Rail Stations within the Zone

- . Kahauiki (Middle Street)
- . Mokauea (Mokauea Street)
- . Niuhelewai (Kokea Street)



Community-Based Partners

- . Kokua Kalihi Valley Health Clinic
- . Pacific Gateway Center
- . Parents And Children Together
- . Palama Settlement
- . Touch a Heart
- . Susannah Wesley Community Center



Educational Institutions

- . Farrington High School
- . Kalakaua Middle School
- . Honolulu Community College



Public Spaces

- . Bishop Museum
- . YMCA Kalihi
- . Kalakaua District
- . Loi Kalo Mini Park



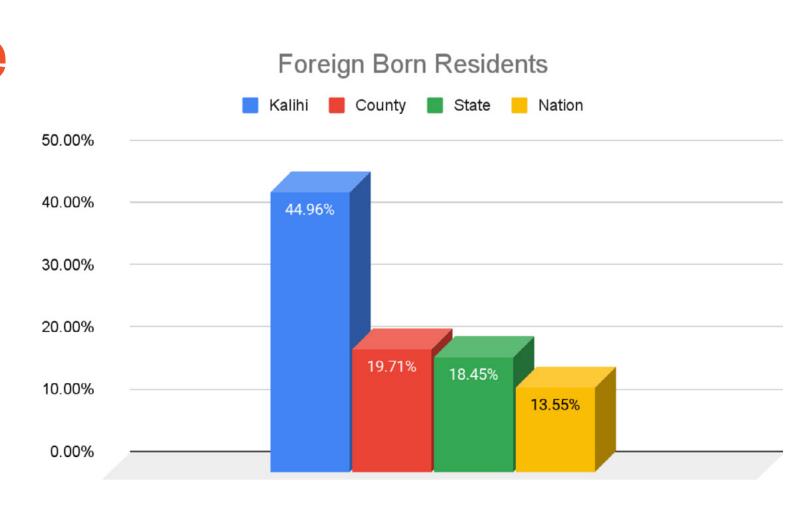


Transition from

Plantation Era

Finding their Place

Following the plantation era, many former plantation workers came to the area, found work in urban Honolulu, and made Kalihi their first permanent home in Hawaii. In many ways, the region still remains as a gateway for incoming immigrants with many individuals and families new to Hawaii finding their place in Kalihi.

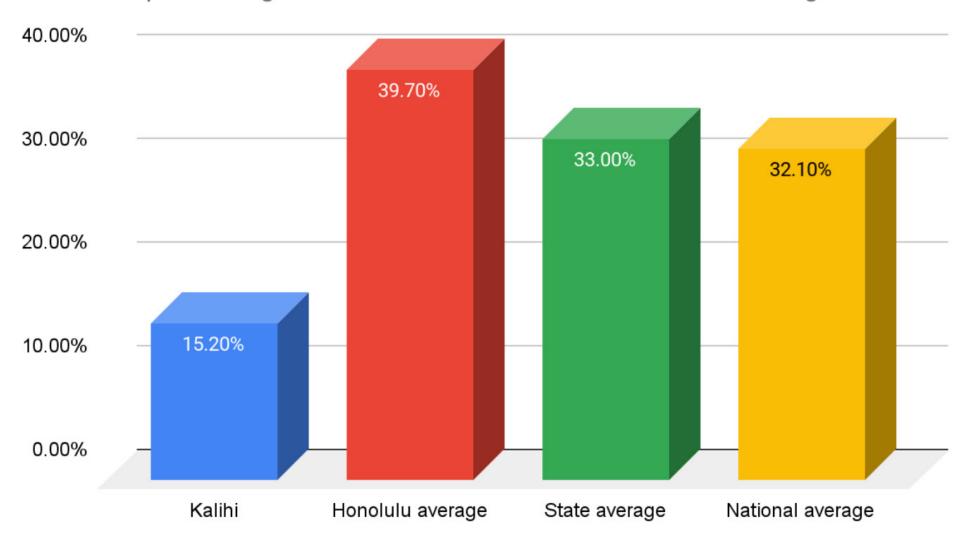


Challenges

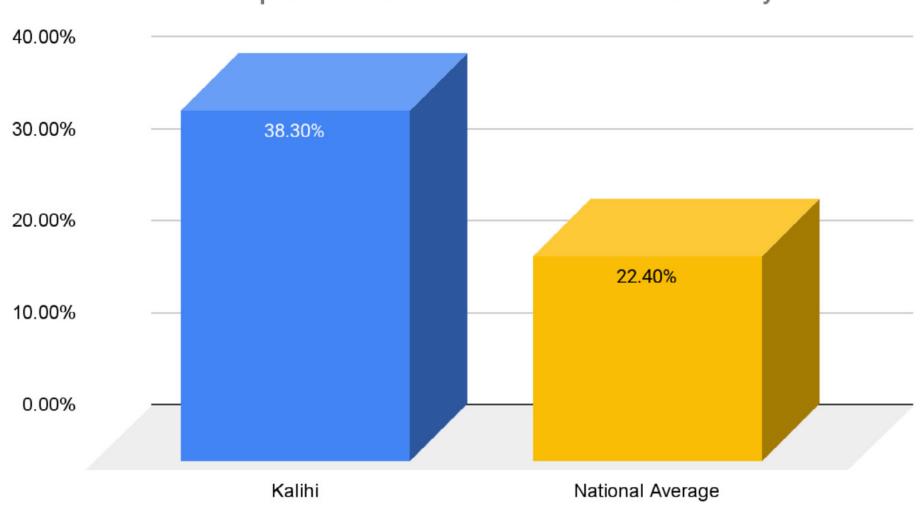
Challenges

Today, Kalihi as a community faces many of the challenges associated with low-income neighborhoods including low-levels of educational attainment and high-levels of poverty. These challenges create numerous issues for residents in various facets of their everyday lives ranging from employment to housing.





Percent of Population at or Below 200% of Poverty Level



Resident

Employment Patterns

Accommodations and Food Services

which was disproportionately impacted by the Coronavirus pandemic, is the top industry of employment in Kalihi.

Of note, only **32.1% of jobs held by Kalihi residents earn more than \$40,000/year.** This, combined with the high cost of living, makes many families and individuals in the region financially vulnerable.

Project Area: Employment Patterns of Current Residents



LISC

48,983

jobs held by current residents of the project area

Top 3 industries (residents):

- 1. Accommodations and Food Services (19.6%)
- 2. Health Care and Social Assistance (14.2%)
- 3. Retail Trade (12.5%)

32.1%

of jobs held by residents earn more than \$40,000/yr

87.7%

commute less than 10 miles

Source: US Census (2021): OnTheMap. Available at: https://onthemap.ces.census.gov/ (2019 data) **Jobs in the Region**

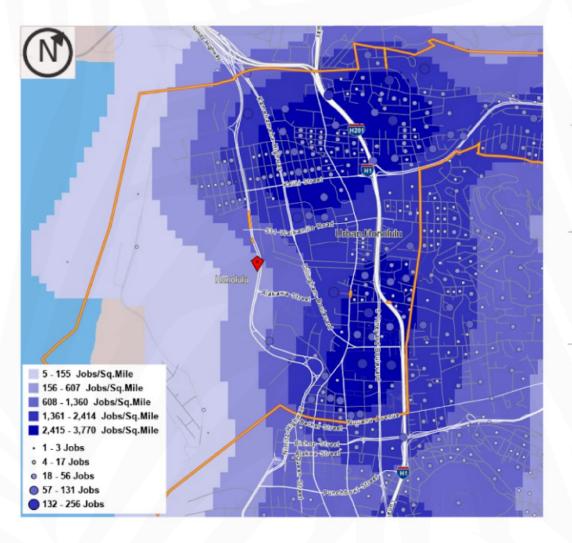
Jobs in the Region

Reflective of the industrial nature of Kalihi, the top 3 jobs in the region are:

- 1. Construction
- (2,240 jobs averaging \$84,349/year)
- 2. Transportation & warehousing
- (1,914 jobs averaging \$68,544/year)
- **3. Administrative, waste management, & remediation** (2,039 jobs averaging \$70,003/year)

While nearly half of the job positions located in the region earn more than \$40,000/year, the majority of the positions are filled by those living outside of the region.

Project Area: Job Density Map



Top 3 industries (jobs):

- 1. Construction (15.3%)
- 2. Transportation & Warehousing (12.2%)
- 3. Admin., Waste Mgmt. & Remediation (10.0%)

49.1%

of jobs pay earn more than \$40,000/yr

26.0%

of jobholders have at least a bachelor's degree

83.3%

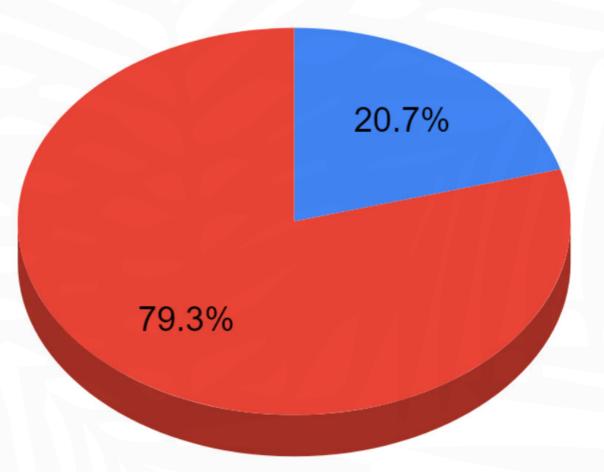
of jobs are held by BIPOC workers*

*Does not include LatinX, which is categorized as an ethnicity by the US Census

Source: US Census (2021): OnTheMap. Available at: https://onthemap.ces.census.gov/ (2019 data)

LISC

Commuting



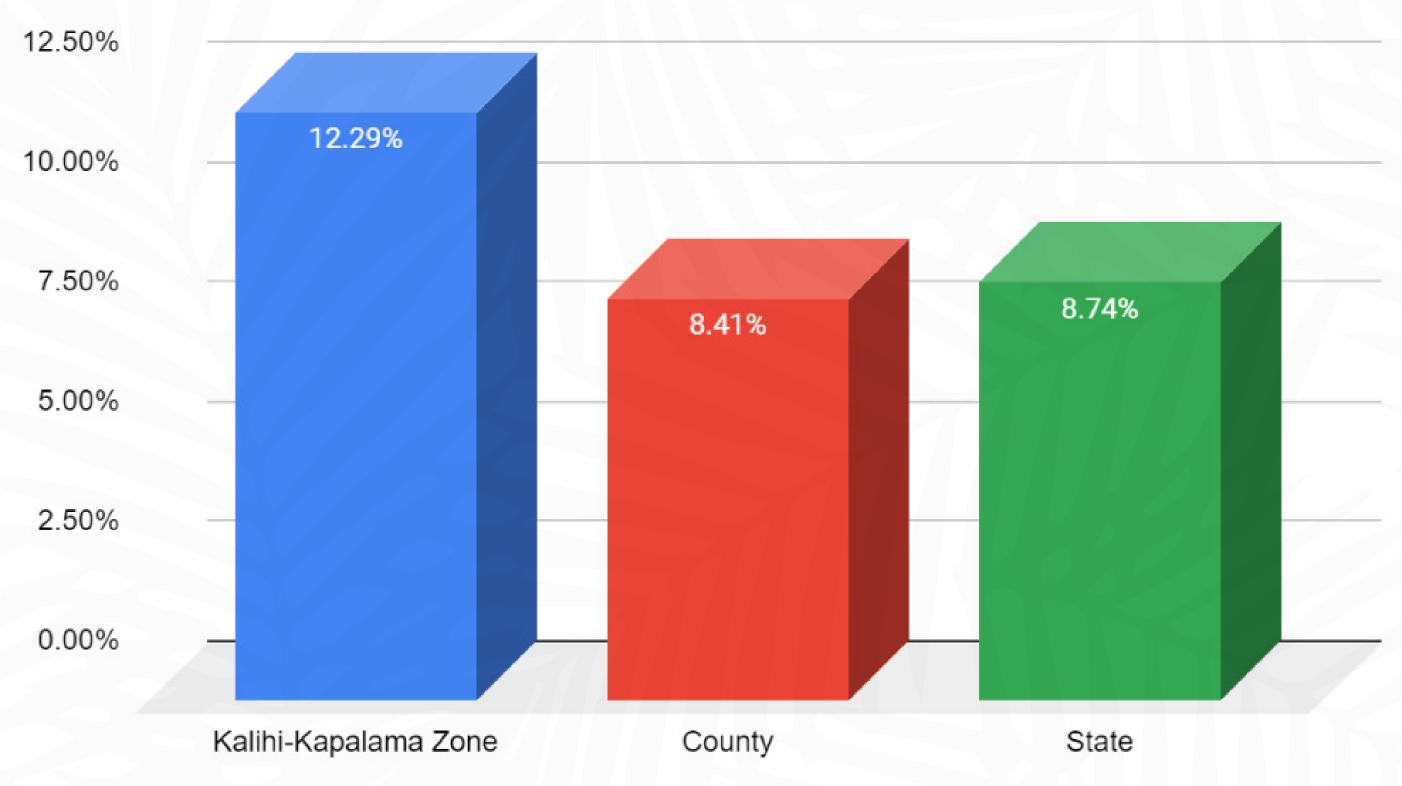
- Jobs filled by residents of the area
- Jobs filled by people commuting into the area

Jobs in the Region

Because the majority of jobs in the region are filled by those commuting into the area, residents currently have to **travel outside of Kalihi to find work.**

Many residents in the region must also work multiple jobs in order to make ends meet. This is significant because studies have shown that, on average, multiple job holders earn less (\$13,550 from all jobs during a 3-month period) compared to individuals with a single, consistent job (\$15,750 during the same 3-month period).

Multiple Job Holders (Non-Primary Employment)



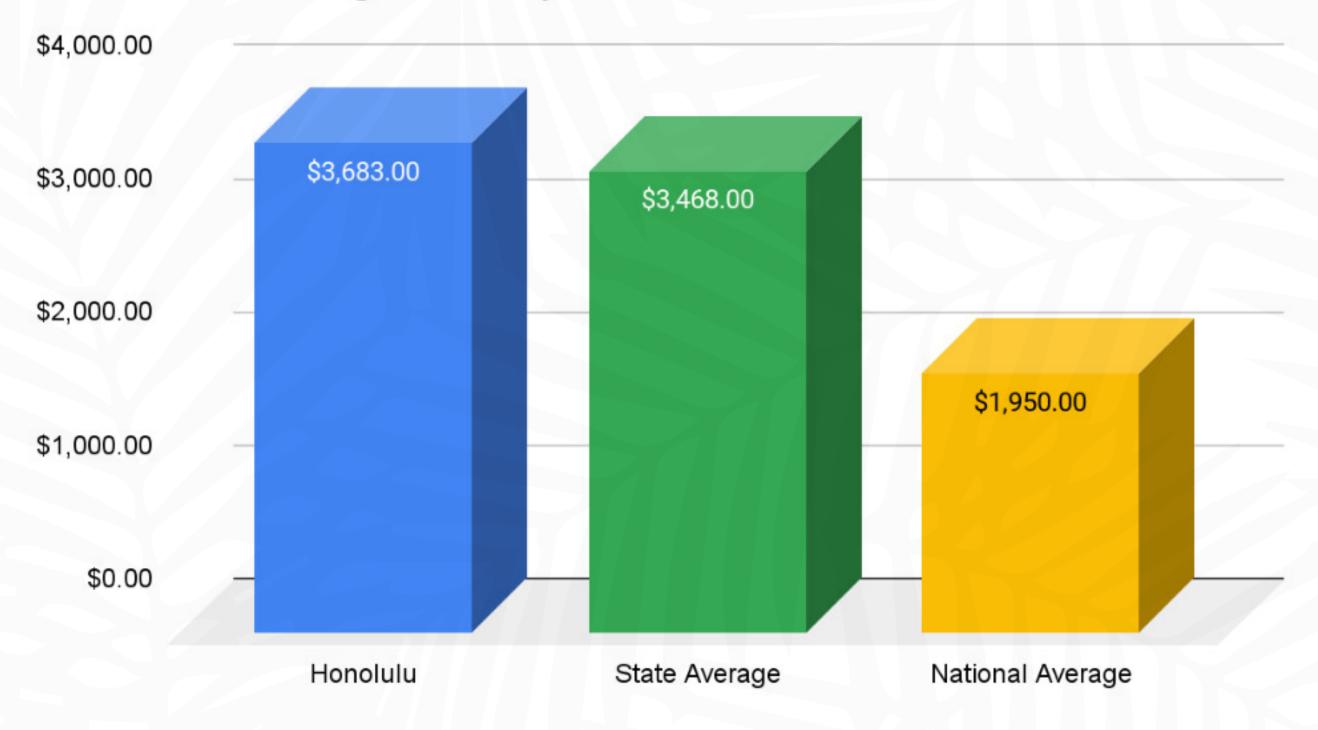
Cost of Living in Urban Honolulu

Issues related to low-income levels are made worse by the high **cost of living in Honolulu**. **The cost of living in Honolulu is 88% above the national average.** The cost of housing in Honolulu, for example, is **202% above the national average**.

Asset Limited, Income Constrained, Employed (ALICE)

The Aloha United Way analysis determined that an annual **Sustainability Budget for a household of two adults and two children in Honolulu is \$120,924.** This is sobering news when you consider that the Nearly 70% of residents in Kalihi make less than \$40,000/year.

Average Monthly Rent for a 4-Bedroom Unit

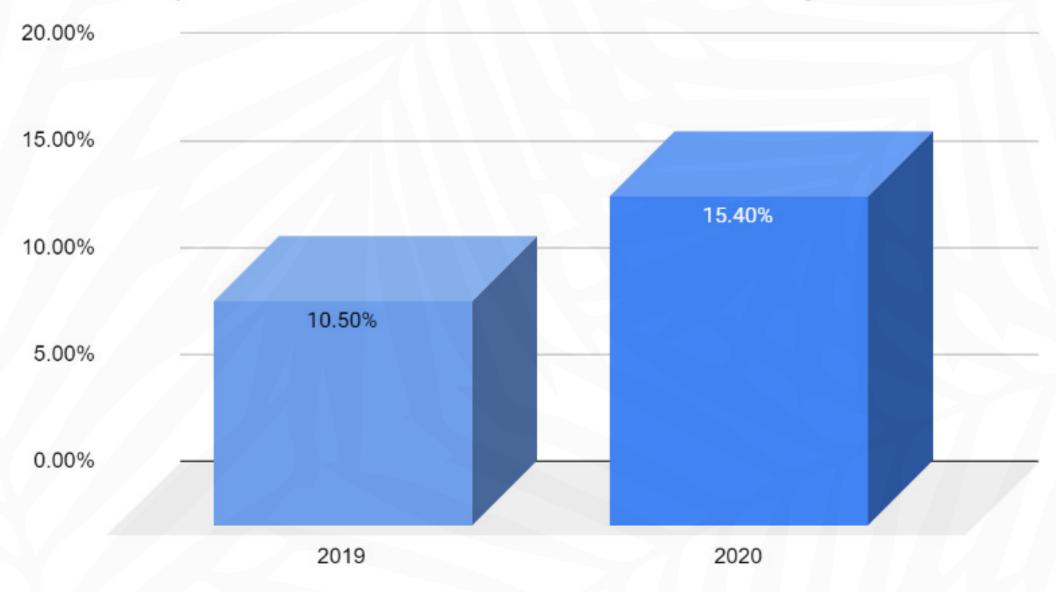


Cost of Living in Urban Honolulu

The high cost of living is particularly evident in the price of food and especially healthy, nutritious food. And although the pandemic has exacerbated food-related issues in Kalihi, access was already a challenge prior to COVID-19. For example, residents often are **unable to purchase what little healthy food is available** due to the higher price points and lower incomes.

At the same time, lowering the price of the healthy products would not allow producers to cover the costs associated with growing food and creating healthy value-added products.

Impact of COVID-19 O'ahu Food Insecurity Rates



Ranking	State	2021	2020 (ranking)	2019 (ranking)
1	Louisiana	26.0%	27.4% (1)	23.0% (1)
2	Hawaii	24.6%	27.0% (2)	18.3% (9)
3	New Mexico	23.7%	26.2% (4)	22.0% (3)
4	Texas	23.6%	24.0% (7)	19.6% (7)
5	Nevada	23.0%	26.7% (3)	17.7% (12)
6	Arkansas	22.9%	24.4% (6)	21.4% (4)
7	Oklahoma	22.5%	23.8% (8)	20.4% (6)
8	Mississippi	22.2%	24.9% (5)	22.2% (2)
9	Alabama	20.4%	23.3% (9)	20.8% (5)
9	Arizona	20.4%	21.2% (16)	17.6% (14)

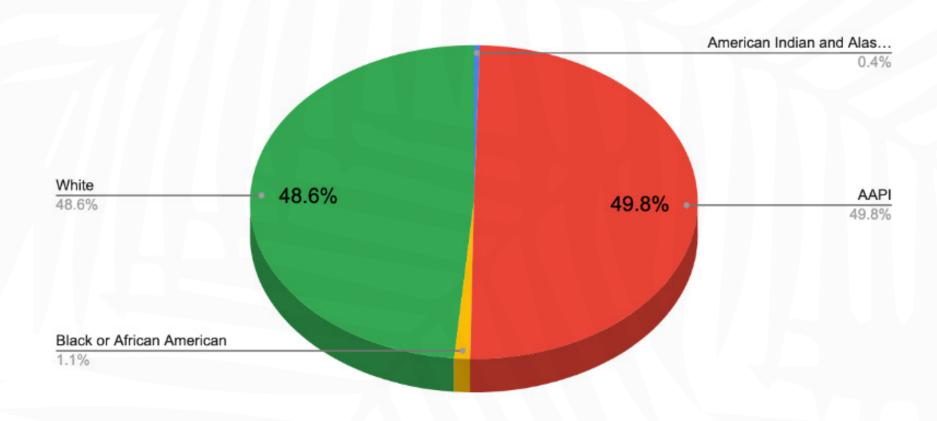
States with the highest projected child food insecurity rates in 2021 (compared to 2020 projections and 2019 actuals)

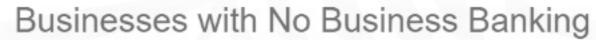
Banking

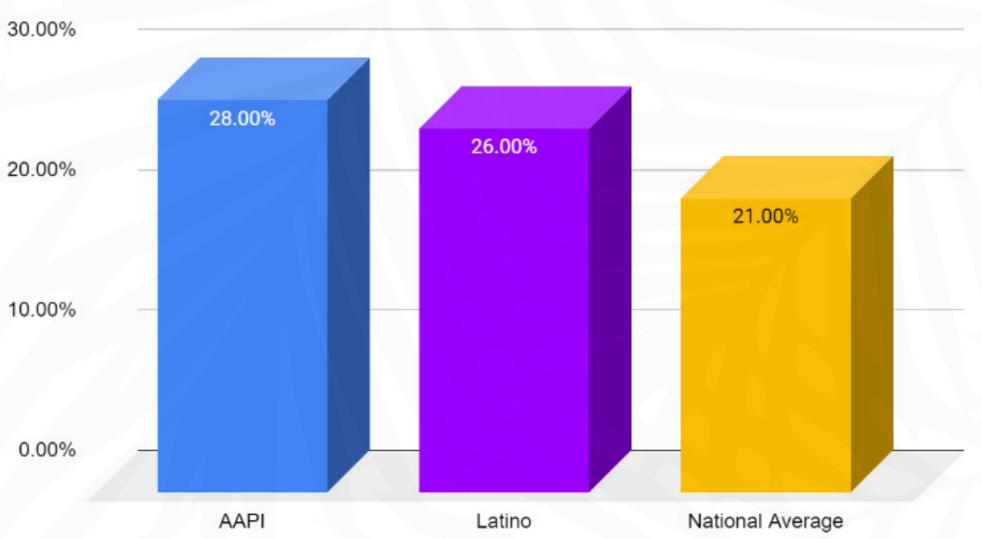
Nationally, 28% of Asian American and Pacific Islander (AAPI) business owners **have no business banking at all**, while 36% of AAPI owned businesses are **unable to obtain the level of financing** they require.

At the same time, according to the SBA, in 2021, racial minorities made up 58.2% of small business employees and **owned 50.9%** of the businesses in Hawaii.

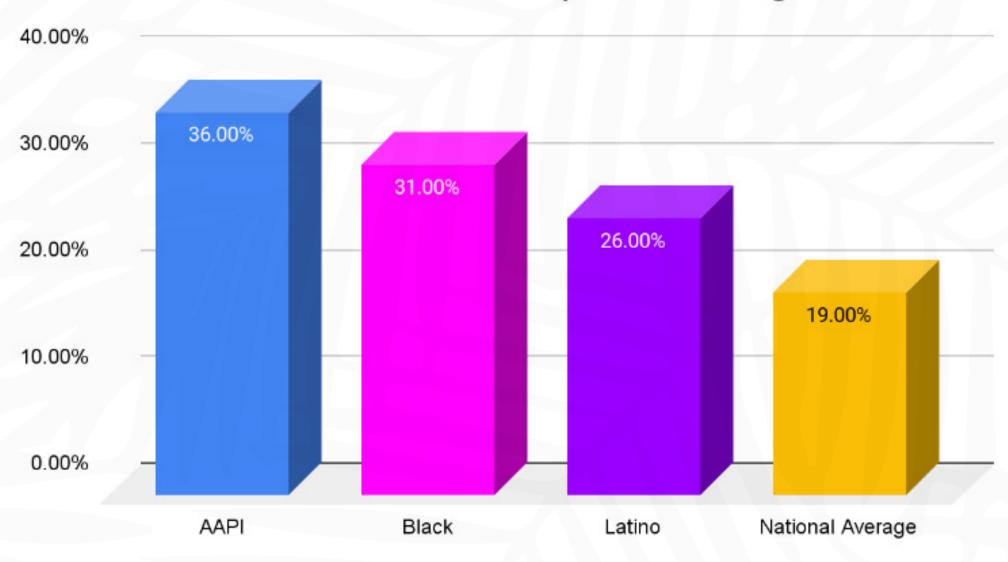
Business Count by Owner Demographic Group







Unable to Obtain Adequate Financing



Banking

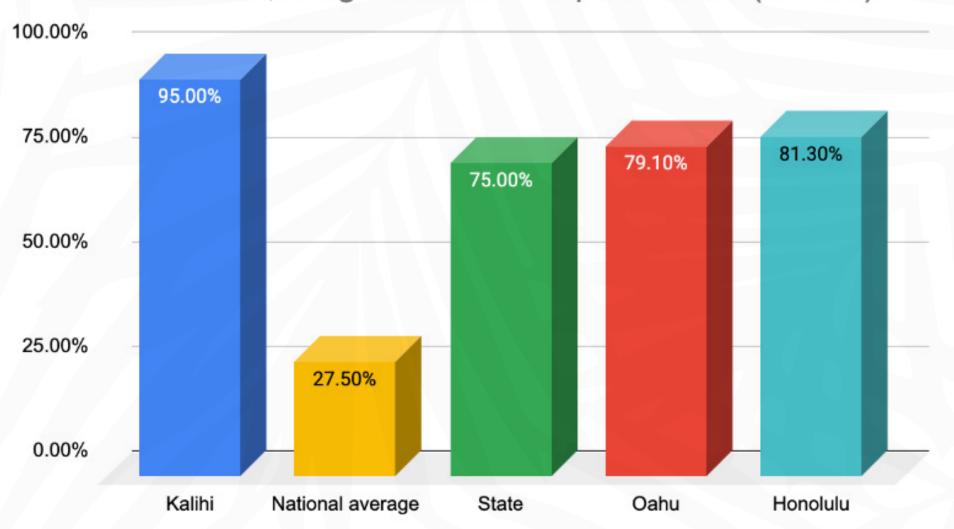
Banking (cont.)

Common barriers for AAPI businesses to securing capital from mainstream financial institutions include:

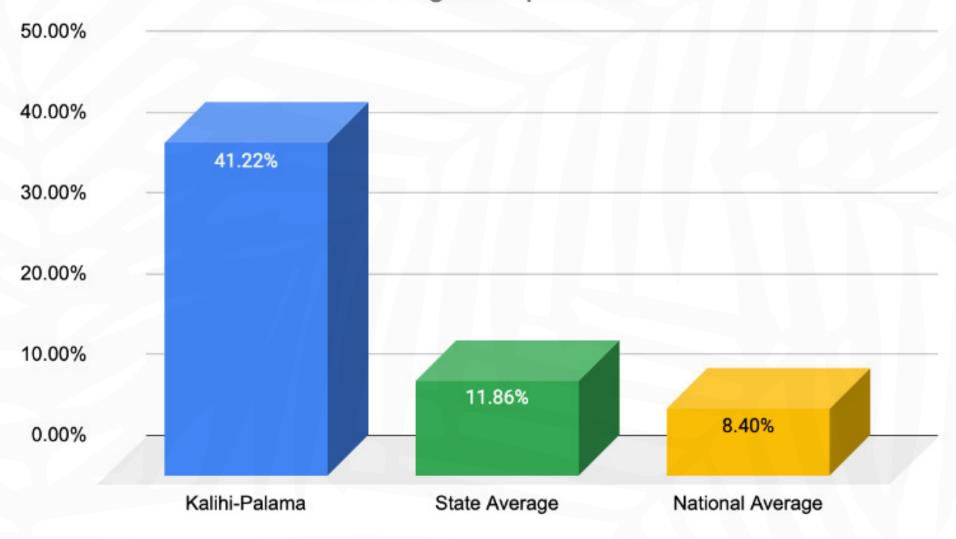
- Bad credit
- The inability to navigate the loan application process
- Language barriers

These issues are particularly relevant to businesses in the Kalihi-Palama zone given the large number of minority business owners and non-native speakers of English.

Percent Black, Indigenous and People of Color (BIPOC)



Non-English Speakers

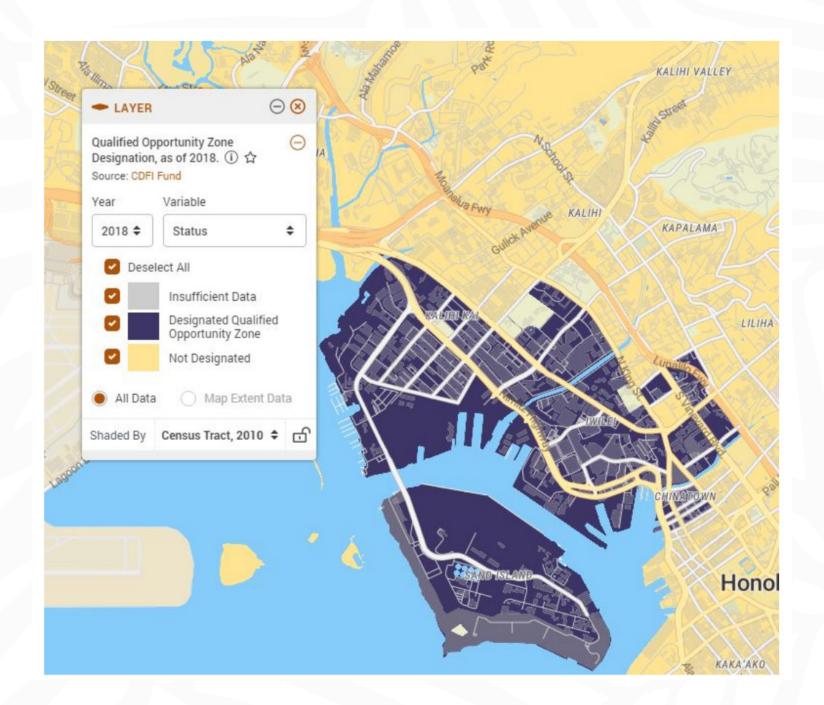


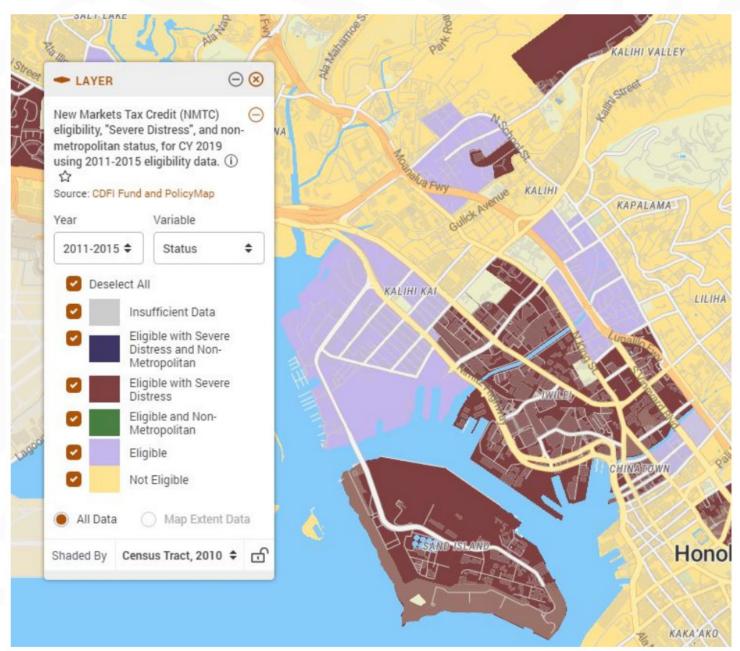
Small Business

Resources

Currently, there are no SBA partnered Small Business Development Centers or International Business Innovation Association business incubators in the area. This presents an opportunity for business **development organizations** to support businesses in Kalihi and provide assistance.

Many tracts within Kalihi have been designated as **Opportunity Zones**. At the same time, many tracts in Kalihi are also eligible for **New Market Tax Credits**. This eligibility and designation may provide opportunities for future investment and development activities in the region.





Summary of Findings

Summary of

Findings

Several aspects of the region can present challenges for residents and businesses. These include:

- A high-cost of living and below average levels of household income
- Low-levels of educational attainment and high-levels of poverty
- High levels of food insecurity
- The majority of positions in Kalihi are held by non-Kalihi residents
- A large number of immigrants and non-English speakers
- Inadequate levels of financing and business banking

At the same time, opportunities in the region include:

- Large amounts of industrial zoning, along with the types of employment opportunities that accompany industrial activities (manufacturing, etc.), in urban Honolulu
- Potential for future growth and an existing foundation of businesses and support service providers.



#1: Strengthen Small Business Ecosystems

Recommendation #1:

Strengthen local small business ecosystem

Strengthen the local small business ecosystem by bolstering existing organizations in the region and by facilitating connections to various resources.

- Provide **Technical Assistance (TA) and capacity building services** for community based small business support providers.
- Increase access to capital.
- Strengthen and support **food systems** related businesses.



& Capacity Building

Potential starting points could include:

1. Fund a technical assistance program

to help Business Development Organizations (BDOs) strengthen their non-profit infrastructure and position them to successfully apply for funding opportunities.

2. Increase access to government funding

by helping small business owners and nonprofit organizations to apply for Federal, State and County funding.

3. Develop procurement programs

with anchor institutions creating opportunities for small business vendors, contractors, and suppliers to scale their businesses.

4. Create a cohort

of existing local BDOs with the goals of data sharing, eliminating the duplication of efforts, and connecting with national/international partners.

5. Organize and plan

for small business impacts from rail construction and future TOD (ie. Business interruption fund, stakeholder group, etc.)





PACIFIC GATEWAY CENTER

- 1. Runs a business development program to train and support new entrepreneurs
- 2. Provides **access to capital** in the form of small, no interest Kiva microloans
- 3. Provides translation and immigration services
- 4. Certified commercial kitchen available to both renters and program participants
- 5. Provides **social services**

to Capital

1. Increase public and private funding

for business relief grants and loans to support business growth

- a. Low cost loan capital for CDFI lenders to re-lend to small business borrowers
- b. Recoverable grants for small businesses
- c. Short-term bridge financing for government contracting

2. Coordinate lenders

to provide financing opportunities for businesses in different stages and increase cross-referrals

3. Identify challenges, barriers, and products needed to provide capital for small businesses.





Hawaii Investment Ready

is a local organization with several programs already supporting community businesses and entrepreneurs.

In addition to training cohorts, HIR also provides local businesses with **access to capital** and helps businesses to identify the ideal mix of **financing options** for their specific needs and goals.

Economic Development,

Nutrition & Health

While the high cost of living, particularly as it relates to nutritious foods, is a barrier, existing food producers and food systems-related organizations in the region present an opportunity to address community needs and stimulate economic development.

Potential short-term activities include:

- 1. **Supporting small businesses** in need of TA looking to utilize local agriculture to create value-added retail products.
- 2. Performing a **cost analysis** of existing food producers, wholesalers, and retailers to identify potential strategies for decreasing costs and improving margins.
- 3. Helping community members in need of assistance (language support, etc.) to **enroll in existing programs** that provide easier access to healthy foods.





Kōkua Kalihi Valley
Comprehensive Family Services is a federally qualified health center serving the richly diverse community of Kalihi. KKV's Roots program is an example of supporting the community food system in a number of ways:

- 1. Classes and workshops on health and nutrition at Ho'oulu 'Āina, KKV's 100-acre nature preserve in Kalihi Valley.
- 2. **Community work days** for volunteers to help with growing and farming activities
- 3. Focusing on **indigenous crops**, culturally appropriate foods, and natural medicines
- 4. Providing community members with access to healthy, prepared foods through the Roots Cafe and food hub.

#2: Increase Family Income & Wealth Building

Recommendation #2:

Increase Family Income & Wealth Building

Increase economic stability by providing residents with opportunities to earn good wages and increase savings.

- Financial Education and coaching through integrated service delivery programs.
- Building and supporting **career pathways**, as well as identifying barriers that continue to prevent community members from finding careers with higher earning potential.
- Facilitating partnerships and connections between workforce development programs and employers.



1. Implement financial literacy

Integrated service delivery models of bundled services emphasizing a personal, multipronged approach to improving net income, net worth, and credit score.

2. Provide employment & career counseling

with the goal of helping community members to find stable, adequate, long-term employment.

3. Connect residents with existing programs

such as SNAP, WIC, and utilities support to decrease existing and future financial burden.

4. Open pathways

to building assets through community organizing, leadership, and ownership.





Hawaiian Community Assets

In partnership with Rural LISC operates four Financial Opportunity Centers statewide. The "FOCs" are an integrated service delivery program (one-stop shop) for financial education and literacy. Services include:

- 1. Financial Counseling and Coaching
- 2. Access to Income Supports
- 3. Employment and Career Coaching

Career Pathways

Career

Pathways

- 1. Support community members to fill existing and future **positions within the region.**
- 2. Partner with **existing programs and organizations** working to create pathways for community members to careers with higher potential for advancement.
- 3. Support **bridge programs** and support service providers to help community members qualify for workforce training programs.
- 4. Partner with **Labor and Trade Unions** to provide apprenticeships to Kalihi residents.
- 5. Explore partnering **Fortune 500 companies** with community-based organizations in Kalihi for employment opportunities (with advancement opportunity) for local residents.

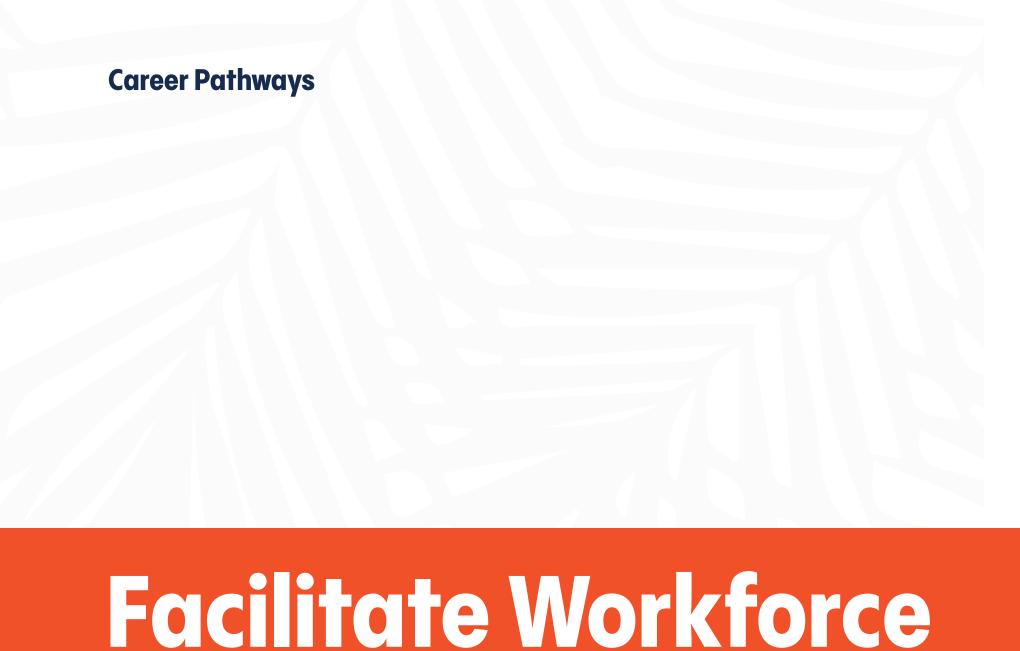




University of Hawaii System Campuses

has several existing programs designed to help students gain skills and achieve successful careers. The Hana Career Pathways program, for example, offers:

- 1. Tuition assistance
- 2. Job training
- 3. Employment pathways to "in-demand, living wage jobs" in 3 main sectors:
 - a. Healthcare
 - b. Technology
 - c. Skilled trades



Development Partnerships

1. Identify employers

in key industries in the community with higher earning potential and opportunities for advancement that are willing to partner and provide internships and employment opportunities to area residents.

2. Facilitate connections

between existing community-based employment support providers and key employers to broaden the reach and impact of existing programs.

Next Steps

Additional Input

alnvestments

The Next Steps

These steps highlight the importance of validating potential support activities through community stakeholders, as well as providing partner organizations with immediate access to funding and capacity-building for near-term activities.

1. Share potential support activities

with community businesses, organizations, and other stakeholders

2. Collect input and feedback

and make adjustments as needed

3. Launch early action grants and investments

to begin catalyzing economic development programs.



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