



Patrick Wong

Trouble in Paradise
**Hawaii's Housing Boom
Takes a Toll on the Homeless**

**In a Prospering State,
High Rents Are Hurdle;
Beaches as Shantytowns**
By RAFAEL GERENA-MORALES
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WAIANA, Hawaii -- Rising before dawn, Patrick Wong walks 45 minutes to his drugstore job in Kapolei, a suburban town 20 miles west of Honolulu, where he stocks shelves starting at 7 a.m. The post pays \$8.25 an hour and offers health insurance for Mr. Wong, his wife and partially deaf toddler.

But Mr. Wong, 33 years old, and his family can't afford a place to live. Five months ago they left his mother's home, where he was paying \$600 a month in rent. Faced with the steepest rents of any state and scant available public housing, they were forced to join Hawaii's swelling homeless ranks.

Roughly 6,000 people in the state are without permanent shelter, according to Hawaii's Homeless Programs Division. That's nearly double the number without homes in 1999. Increasingly, this population consists of working families with children. Some, like the Wongs, live in city-run shelters. Others have taken up residence on the beach, turning Hawaii's picturesque shores into homeless encampments where hundreds of people live in tents pitched on the sand.

One big factor behind Hawaii's homelessness is the housing boom that swept across the U.S. Run-ups in home prices displaced families nationwide, but the problem in Hawaii -- where land costs are more than five times the national average -- is particularly acute.

In recent years, investors and second-home buyers swooped in to buy up properties. Developers targeted aging apartment complexes to convert into swank condos and luxury rentals. As home values shot up, many of the state's low-paid service workers watched from the sidelines. Affordable housing dwindled, while waiting lists for federally funded public units ballooned. Rental rates for available units surged.

Median rents in Hawaii are currently the highest in the nation. The going monthly rate for a typical two-bedroom apartment is about \$1,901, up \$792, or 71%, from 2001, according to Ricky Cassidy, a housing analyst in Honolulu. Average wages for Hawaiian workers, meanwhile, were \$36,355 in 2005, the last year for which figures are available. That compares with a national average of \$40,675 in the same year, according to the U.S. Department of Labor.



SEE A PHOTO SLIDESHOW



Rafael Gerena-Morales

Many of Hawaii's homeless have taken up residence on the beach on the west coast of Oahu.

"For many of the working poor, the housing boom has passed them by," said Jared Bernstein, a senior economist at the Economic Policy Institute. "They've missed a critical opportunity to begin building housing wealth."

Hawaii's homelessness rate is cresting as other states are finding more ways to help displaced residents. In recent years, many cities, including New York, San Francisco and Portland, Ore., have sharply reduced their chronically homeless populations -- people who live on the street for one year or more -- by offering subsidized housing with an array of social and health services. Hawaii officials say they are studying similar approaches.

Overall, an estimated 744,313 people were homeless in the U.S. in January 2005, according to a report released yesterday by the National Alliance to End Homelessness, an advocacy group based in Washington, D.C. The study showed that states with high rates of homelessness included Hawaii, California, Nevada and Alaska. ([See related article](#)².)

Hawaii's economy is robust. In 2005, the hot real-estate market, coupled with record tourism business, helped Hawaii rank as the ninth strongest state economy, measured by annual GDP growth, which was 5.3%. That was a sharp turnaround from 1997 to 2004 when annual GDP growth averaged just 1.4%. Hawaii also has the nation's lowest unemployment rate, at 2.3% in November compared with the 4.5% national average in the same month.

Economic Threat

But the homelessness problem looms as an economic threat. Hawaii, whose current population is about 1.3 million, needs affordable housing to attract and retain service workers amid a tight labor market. The beach encampments also hurt Hawaii's postcard image as a top vacation destination. Hawaii's Tourism Authority says it has received some comments from visitors who said they felt uncomfortable seeing homeless people in parks or at the beaches. Last summer Gov. Linda Lingle declared an emergency situation on the west coast of Oahu, citing the public-health threat of human waste on the beaches.

HIGH-PRICED PARADISE

- ³ • [See charts](#)⁴ on Hawaii's economy and housing prices.
- [Plus, more about](#)⁵ the report by the National Alliance to End Homelessness.

Mismanagement of the state's limited public-housing stock has aggravated the situation. Hawaii has about 6,230 government-subsidized units. The state has complained that it lacks the resources to keep existing structures in good repair. In Honolulu, wood planks cover the windows of some vacant apartments. In all, roughly 700, or 11%, of the units are vacant, with almost half of those waiting to be renovated or demolished, according to the governor's office.

"We're focused on turning around vacant units and getting them operating so that we can house more people," says Pamela Dodson, an executive assistant at the Hawaii Public Housing Authority.

Linda Smith, the governor's senior policy adviser, says public-housing units fell into disrepair because federal housing subsidies declined as costs to operate the apartments were increasing. Initiatives to build other affordable rental units fell through, she says, after Hawaii's state legislature took \$212 million partly earmarked for low-interest construction loans and used the funds to pay other expenses, including salary increases for state workers.

In 2004, the U.S. Department of Housing and Urban Development, which oversees public-housing agencies nationwide, placed Hawaii's public-housing agency on its "troubled" list. It ordered the agency to overhaul its management practices. A year later, HUD removed Hawaii's housing agency from the list as it reduced 120 concerns to 10 that still needed improvement, including repairing apartments faster.

Barriers Remain

Even as the housing market here cools, barriers to affordable housing remain. Hawaii's unionized construction workers have kept the sector's wages high relative to other states. Transportation costs are steep since building materials must be imported into Hawaii and ferried between its islands. The state also has many sacred burial grounds and endangered species and plants that can slow or halt projects, developers say. The result: Building low-cost rental units "is like climbing Mount Everest," says Stanford Carr, president of Stanford Carr Development, a Honolulu-based builder.

Nearly 16,000 people are on the state's public-housing waiting list, which typically turns over every three to six years. The waiting time is one to two years for some housing candidates, including homeless families living in shelters. Currently, 4,000 people have also applied for federal housing vouchers that subsidize private-sector apartment rents. The voucher waiting list was recently reopened after being closed for several years. It generally takes people three to five years to get such vouchers.

So far, the state has largely focused its relief efforts on the island of Oahu, whose homeless population of roughly 3,500 is Hawaii's biggest. Last year, officials opened three shelters on the island that serve about 650 homeless people. A 300-person shelter that will offer job training and social services is slated to open next month. Also, about 1,215 affordable rental apartments are under development and are set to be completed by

2009, according to the governor's office. State agencies are tapping tax revenues from house sales and other sources to provide developers with low-interest loans to build these projects.

Recently completed transitional housing includes an emergency shelter, opened in October, that houses 215 people in Kapolei. About half of the residents are children who had lived with their parents in tents on the beach along Oahu's west coast, also known as the Leeward Coast.

Tents on the Beach

Kathi Culla, 40, lives with her boyfriend and two young daughters on a Leeward Coast beach. The unemployed couple pitched tents that shelter their mattresses and cooler, which recently stored Kool-Aid juice drinks and root-beer soda cans. A nearby wood shack provides privacy for a portable toilet and a hanging garden hose that serves as a shower head.

Their tents are illuminated at night by a string of auto tail lights -- resembling Christmas-tree bulbs -- that are connected through jumper cables to an old car battery. "Nobody pays attention to us out here," Ms. Culla says.

In early 2006, Patrick Wong and his family still had a place to live. They were staying at his parent's three-bedroom home in Waianae, a poor city on Oahu's west coast, where he paid \$600 in monthly rent. But Mr. Wong says his mother asked him to leave in August after they had a falling out. Friends couldn't accommodate the family, so they spent a little more than two months living in a tent on the beach before moving to a shelter.

Mr. Wong says he tries to forget about his problems by working hard at his job, where he drives a forklift and stocks shelves with rice, noodles, candy and canned goods. In November, while carrying two 35-pound boxes of Campbell's tomato soup on his shoulders, his back "kind of popped," recalls Mr. Wong. He says he ignored a doctor's advice to rest for a month so that his slipped disk could heal.

So far, Mr. Wong has saved one-third of the \$3,000 he hopes to someday put toward a security deposit and rent. Even though market rates are still beyond his budget, Mr. Wong says he'll work harder to end his family's homelessness, "even if it kills me."

Kasty Kosam is another full-time worker whose family is homeless. Mr. Kosam, 38, his wife and teenage son had to leave their one-bedroom apartment in April 2005, he says, after he fell two months behind on the \$600 monthly rent. Mr. Kosam, who earns \$8-an-hour driving a truck that delivers vegetables to hotels and restaurants, moved his family to his parent's one-bedroom apartment in the Kalihi section of Honolulu. But they left three months later because other relatives overcrowded the apartment, which now shelters 10 people.

About six months ago, Mr. Kosam's wife landed a job packing vegetables at the same company paying \$200 a week. Yet the couple remain homeless because they can't afford rents for one-bedroom apartments that average \$900 a month in Kalihi.

Mr. Kosam, whose family sleeps at an overnight shelter in Honolulu, has been on the waiting list for a public-housing apartment since 2000. His application for a federal housing voucher was rejected in September because his family's income was too high, he says. "It makes me sick to think about high rents," says Mr. Kosam, a former agricultural worker from Micronesia who moved to Hawaii in 2000. "I need somebody to help me."