



WEST MAUI | COUNTY OF MAUI
PLANNING FOR THE FUTURE | DEPARTMENT OF PLANNING

WEST MAUI COMMUNITY PLAN

Economic Prosperity Technical Resource Paper

Revised July 25, 2019

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Introduction

This paper will provide a brief review of a number of existing Maui County policies aimed at strengthening and diversifying Maui's economy. The paper will discuss the existing economic conditions in West Maui, including an analysis of the predominant types of business and employment. It will review the current and historical unemployment rates. It will include an analysis of the key economic challenges in West Maui as well as potential actions that could be included in the updated West Maui Community Plan to address those challenges.

West Maui is one of the island's largest employment centers with a high concentration of jobs related to the visitor industry. However, this concentration leaves the West Maui region particularly vulnerable to a downturn in the tourism economy.

Countywide Policy Plan & Maui Island Plan

Strengthening and diversifying Maui's economy has been a common goal in economic development initiatives for many years. These initiatives are included in the Countywide Policy Plan, the Maui Island Plan, and the 1996 West Maui Community Plan.

The stated Goal in the 2010 *Countywide Policy Plan (CWPP)* is that "*Maui County's economy will be diverse, sustainable, and supportive of community values*". This goal is supported by 4 Objectives, 40 Policies, and 5 Implementing Actions.

Chapter 5 of the 2012 *Maui Island Plan (MIP)* addresses the issue of Economic Development with Goals for the following economic focus areas:

1. Economic Diversification
2. Tourism
3. Agriculture
4. Emerging Sectors
5. Small Business Development
6. Health Care Sector
7. Education and Workforce Development

These 7 Goals are supported by 18 Objectives, 58 Policies, and 35 Implementing Actions.

In total, these two guiding planning documents contain 8 Goals, 22 Objectives, 98 Policies, and 40 Implementing Actions addressing the issue of Economic Development.

West Maui Community Plan

The Economic Development section of the 1996 *West Maui Community Plan (WMPC)* has a stated Goal that West Maui will have a stable, diversified economy. This goal is supported by 5 Objectives, 21 Policies, and 2 Implementing Actions.

Existing Conditions

Economy

Summary West Maui Economic Conditions - 2017

West Maui Business:

- 1,374 business establishments
- 20% of Maui County business establishments
- 30% of Maui County retail businesses including restaurants
- 46% of Maui County clothing and accessory stores

West Maui Sales:

- total sales in excess of \$2.5 billion dollars
- 20% of Maui County total sales
- 41% of Maui County accommodation/food services sales

West Maui Employment:

- over 18,000 employees
 - 22% of Maui County jobs
 - 50% of Maui County accommodation/food services jobs
- (ESRI, 2017)

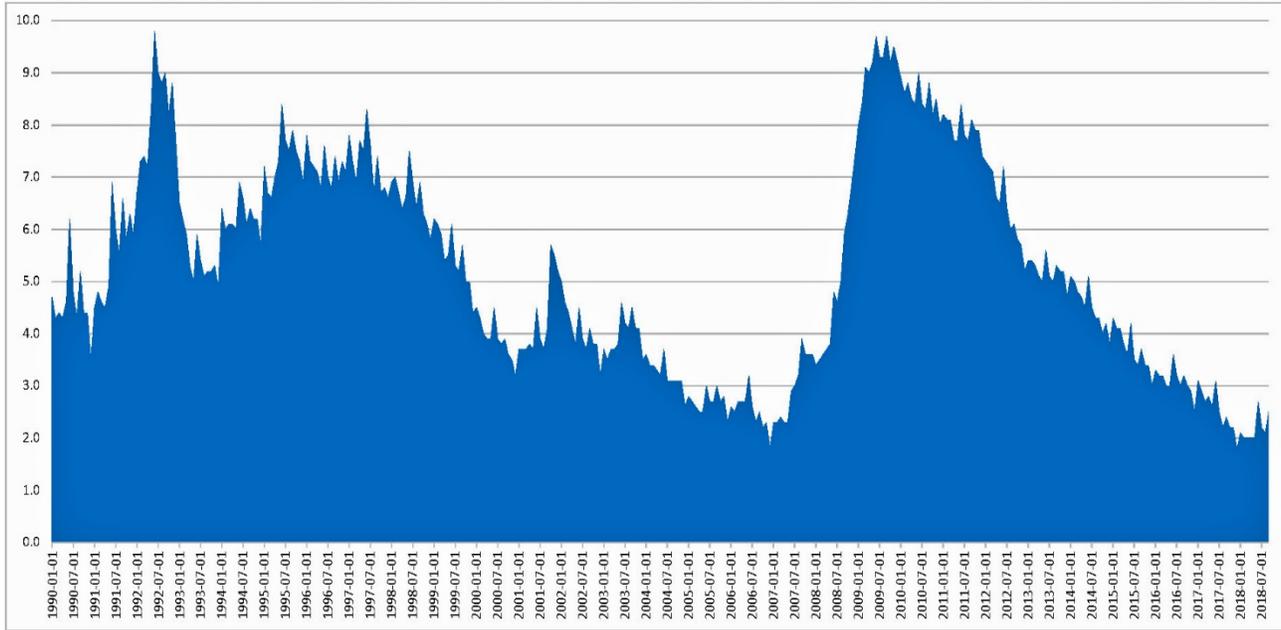
The primary goal of economic development efforts is the creation and retention of local jobs. The success of those efforts can be measured in many ways, including tracking the number of jobs created, wages paid, businesses attracted or by one of the most traditional measures: the unemployment rate. The lowest monthly unemployment rate in Maui County since 1990 was 1.8% in December of 2006; the highest was 9.8% in June 1992. The most recent unemployment rate for Maui County was 2.5% for September of 2018, which was very close to the historic low. (Federal Reserve Economic Data, 2018)

“It’s a recession when your neighbor loses his job; it’s a depression when you lose your own.”

— Harry S. Truman

Although it may have been relatively easy for residents to find employment in 2018, earnings may not have been sufficient to support the high cost of living in Maui. The number of hours worked may be a better measure of a healthy economy. Hawaii Workforce Infonet statistics show that average weekly hours worked have actually dropped 7.5% in recent years from 33.3 hours in 2012 to 30.8 hours in 2017 in the Kahului-Wailuku-Lahaina Metropolitan Statistical Area. Reduced work hours or wages force some Maui residents to work multiple jobs in order to make ends meet.

Figure 1. Maui County Historical Unemployment Rate, 1990-2018 (Federal Reserve Economic Data 2018)



Between 2001 and 2016 Maui County's Gross Domestic Product (GDP) increased at an average annual rate of 3.8%, while the county Real Median Family Income adjusted for inflation fell by an annual average rate of -0.2%. (University of Hawaii Economic Research Organization, 2018)

The 2010-2014 American Community Survey (ACS) found that 7.5% of West Maui households lived below the poverty line, compared to 10.7% of Maui county households.

The 2011-2015 ACS shows that 46% of West Maui renters paid less than 30% of their household income for gross rent, while 25% paid between 30% and 50%, and 29% paid more than 50% of household income for gross rent.

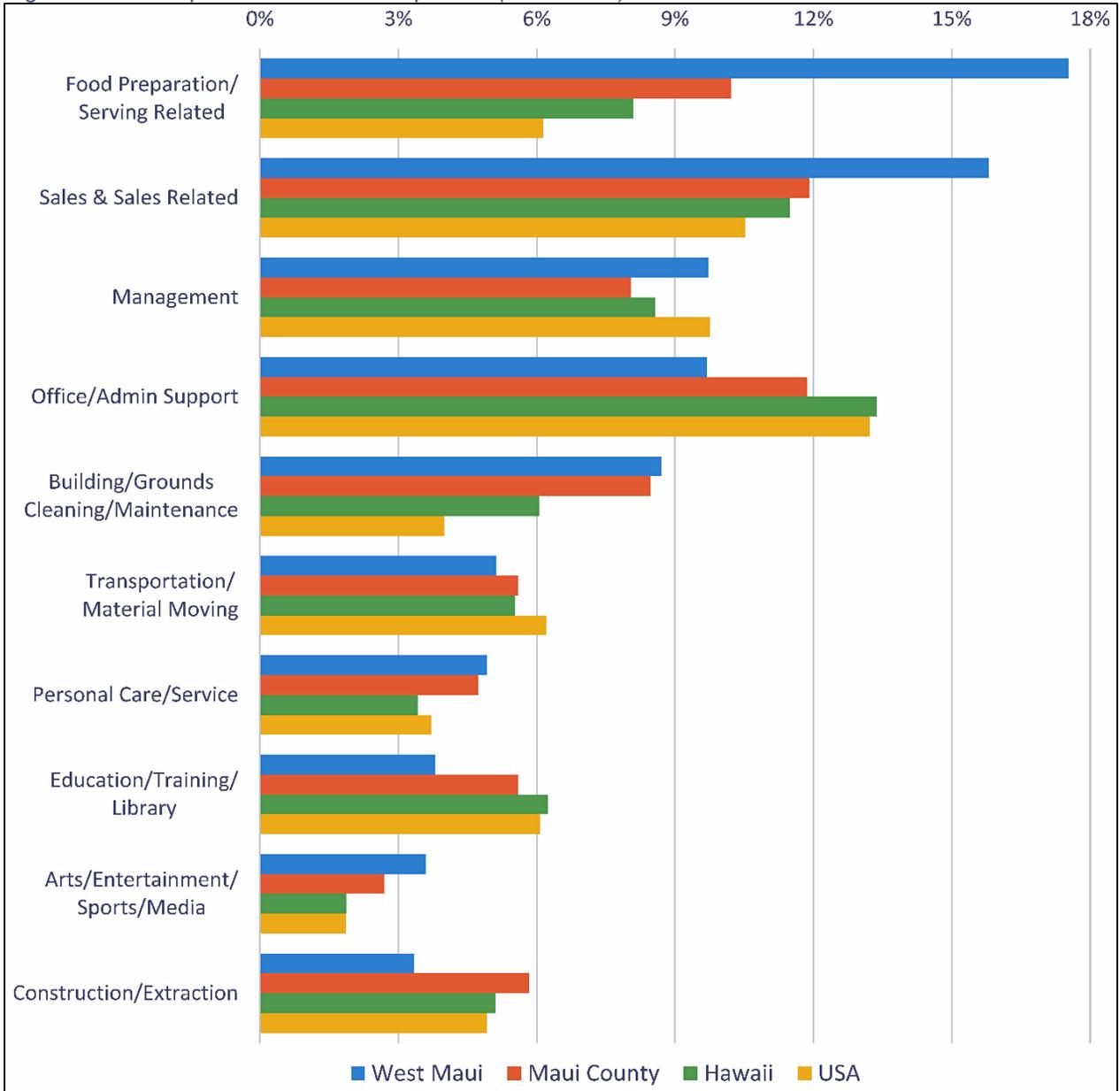
The ACS also shows that 41% of West Maui homeowners with mortgages paid less than 30% of their household income for housing costs, while 28% paid between 30% and 50%, and 31% paid more than 50% of household income for their housing costs.

Housing expenditures that exceed 30% of household income have historically been viewed as an indicator of a housing affordability problem. The ACS data mentioned in the paragraphs above shows that 54% of renters and nearly 60% of homeowners in West Maui pay more than 30% of their household income on housing costs. This indicates that there is a serious housing affordability problem in West Maui.

Majority Occupations in West Maui

The vast majority of jobs in West Maui are directly or indirectly related to the visitor industry. West Maui had a higher concentration of these types of jobs than the rest of Maui County and the state of Hawaii and much higher concentration than the rest of the U.S. Figure 2 shows that in 2017, 17.5% of the 18,000 primary jobs in West Maui were in the food preparer/server category, while the same category made up 10.2% of jobs in Maui County, 8.1% of Hawaii jobs, and only 6.1% of jobs in the U.S. (ESRI, 2017)

Figure 2. 2017 Top 10 West Maui Occupations (ESRI 2017)



Majority Employers in West Maui

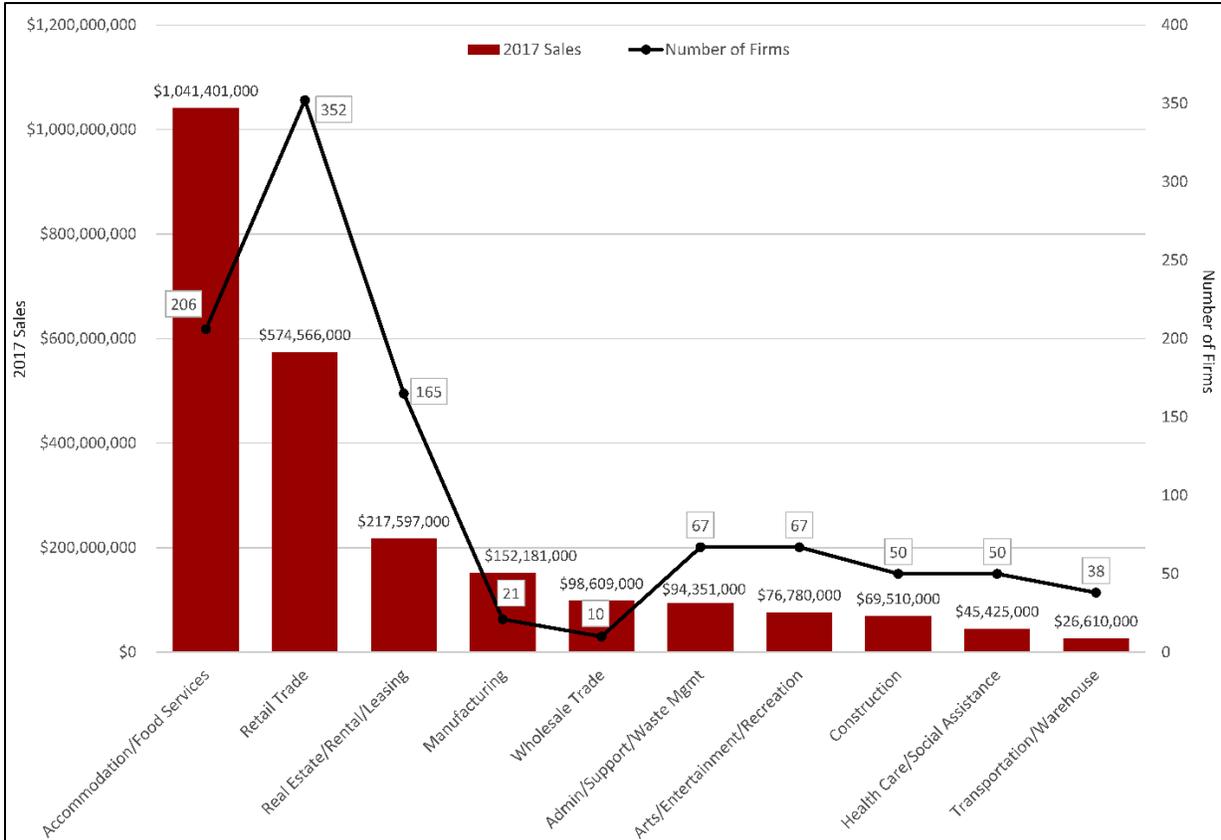
As shown in Table 1 below, in 2017 68% of employment in West Maui was attributed to the Accommodation and Food Services and Retail Trade business sectors. (ESRI, 2017)

Table 1. 2017 Top 10 West Maui Businesses by Employment Category, (ESRI 2017)

Top 10 West Maui Businesses by Employment Category	West Maui Employees	% of Top 10 Total	Maui County Employees	% of Top 10 Total	Hawaii Employees	% of Top 10 Total
Accommodation/Food Services	8,949	53%	22,291	33%	111,745	25%
Retail Trade	2,541	15%	11,407	17%	83,138	18%
Real Estate/Rental/Leasing	1,412	8%	6,630	10%	25,897	6%
Admin/Support	1,239	7%	2,913	4%	21,066	5%
Other Service	721	4%	3,622	5%	32,636	7%
Arts/Entertainment/Recreation	637	4%	2,415	4%	14,322	3%
Educational Services	538	3%	4,444	7%	40,588	9%
Health Care/Social Assistance	349	2%	6,912	10%	69,964	16%
Transportation/Warehouse	307	2%	2,379	4%	22,366	5%
Construction	280	2%	3,632	5%	28,817	6%

Table 1 and Figure 3 show that the Accommodation and Food Services sector in West Maui had 206 firms employing 8,949 people, accounting for around half of the total employment. Sector sales were in excess of \$1 billion. In addition, 352 Retail Trade businesses employed over 2,500 people and had sales of nearly \$575 million. (ESRI, 2017)

Figure 3. 2017 Top 10 West Maui Business Categories by Sales & Number of Firms, (ESRI 2017)



Key Challenges

West Maui plays a key role in the economy of Maui County. It is one of the island's largest employment centers with a very high concentration of jobs related to the visitor industry. However, this concentration leaves the region particularly vulnerable to a downturn in the tourism economy. Traffic congestion is a major concern for local residents and it also has a negative impact on economic prosperity. In addition, there is a shortage of housing that is affordable to West Maui residents and workers. These issues can make it difficult for West Maui employers to recruit and retain staff.

Tourism Dependent Economy

Although West Maui is one of the county's primary employment centers, many jobs are low paying service industry jobs that are vulnerable to downturns in the economy. In 2015, about 73% of West Maui jobs were in the service/retail industry and approximately 60% of West Maui employees earned less than \$40,000 annually. (U.S. Census Bureau, 2019)

Analysis:

As mentioned above, the CWPP and MIP have a combined total of nearly 100 policies and 40 implementing actions addressing diversification, development and improvement of Maui's economy. In addition, the 2016 *County of Maui Comprehensive Economic Development Strategy* (CEDS) has many priority goals and strategies aimed at economic development.

Recommendation:

Diversification and improvement of Maui's economy has been thoroughly addressed in the CWPP and MIP as well as the CEDS. It would likely be challenging to develop additional policies and implementing actions for the revised *West Maui Community Plan* that would not duplicate existing economic development efforts in currently adopted and guiding documents.

Traffic Congestion

The long delays that are a daily occurrence on West Maui roadways negatively impact the free movement of freight, employee commutes, visitor experience, and the quality of life of residents. In 2017, nearly 25,000 people lived in West Maui, however, the average daytime population soared to nearly 64,000 persons. Over half of the daytime population was made up of visitors.

Over 6,800 workers commuted into West Maui from outside the area, while over 5,800 West Maui residents commuted outside the area to work. West Maui had more than two jobs for every occupied housing unit. This shortage of housing units forces many workers to live outside the area and commute long distances to work. West Maui employers state that finding and retaining qualified employees is difficult because many workers aren't willing to make the long commute to West Maui. Businesses are left with a restricted pool of potential employees who reside on the West side.

Analysis:

The *Maui Island Plan* and the *Federal-Aid Highways 2035 Transportation Plan for the District of Maui* have a number of goals, policies and actions that could reduce traffic congestion if implemented.

Recommendation:

This issue of traffic congestion in West Maui will likely be included in the final version of the *West Maui Community Plan*, however, it would be more appropriate to address it in the Mobility chapter rather than in an Economic Prosperity chapter.

Housing Shortage

The 2016 *County of Maui Comprehensive Economic Development Strategy (CEDS)* states, "...there was a consensus throughout that affordable housing is the most important, overarching obstacle to economic diversification and a fundamental hurdle in maintaining an adequate, qualified workforce." The shortage of affordable housing in West Maui clearly makes it challenging for employers to find and retain qualified workers.

Analysis:

The *Maui Island Plan* has a number of goals, policies and actions that could increase the supply of affordable housing if implemented. In addition, there are a number of recent county initiatives aimed at increasing the housing supply in Maui County.

Recommendation:

The housing shortage issue will likely be included in the final version of the *West Maui Community Plan*, however, it should be addressed in the Housing chapter rather than in an Economic Prosperity chapter.

Possible Actions

As noted above, a comparison of existing planning documents reveals that many of the Goals, Policies, Objectives and Implementing Actions related to Economic Development are either duplicative, repetitive or very similar. The *Countywide Policy Plan* and *Maui Island Plan* include numerous policies and actions that address economic development.

An overriding Planning Department goal is to avoid duplication of efforts when updating the community plans. It would likely be challenging to create additional economic development policies and implementing actions for the updated *West Maui Community Plan* that would not duplicate those within existing adopted and guiding documents. However, other components of the community plan, such as housing, land use, and mobility will address economic development issues.

In summary, the update to the *West Maui Community Plan* will avoid duplication of existing policies; however, it will strive to implement existing economic development policies and improve Maui's economy through deliberate land use, transportation, and housing policies.

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