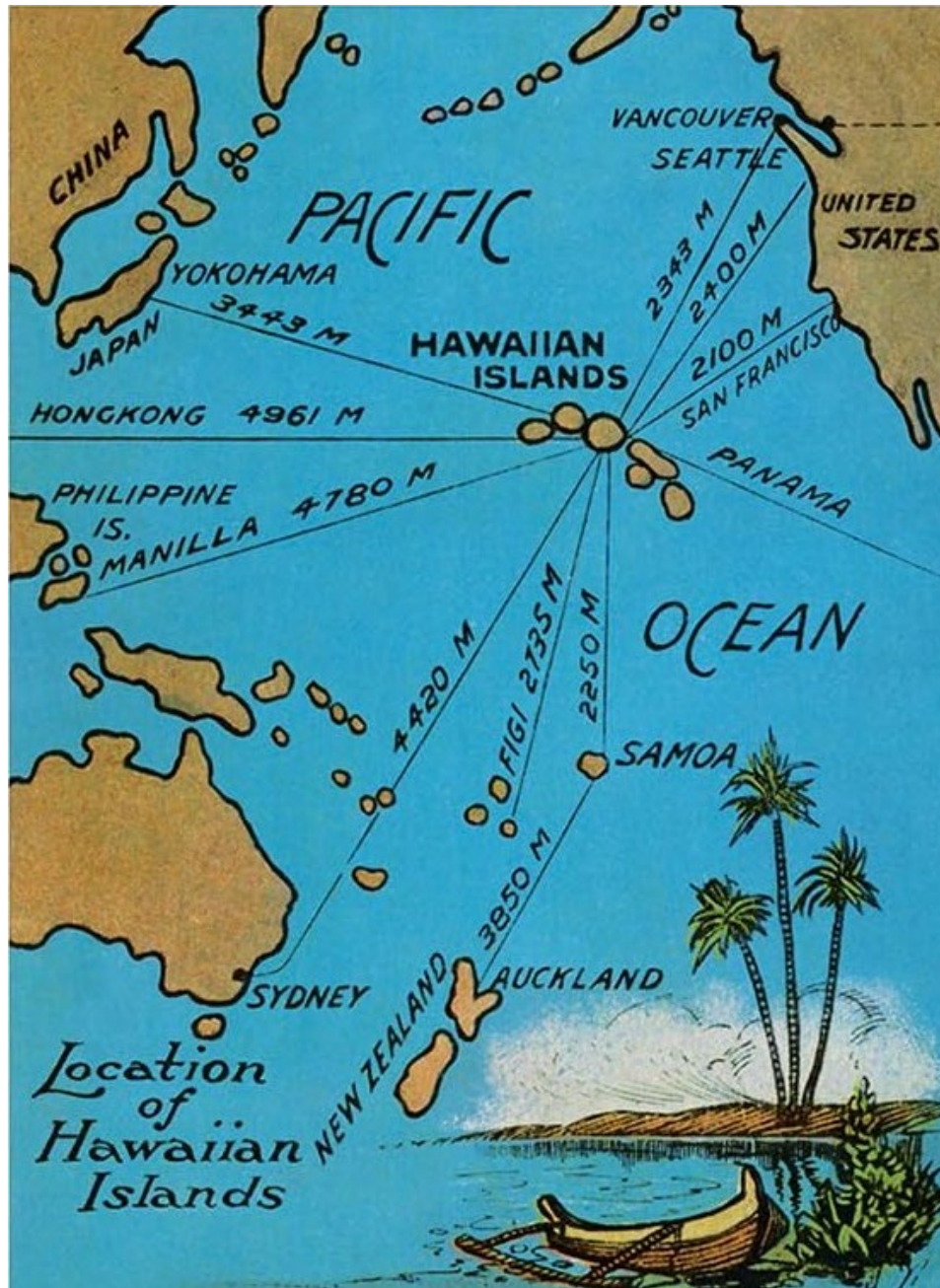




SUMMARY OF THE HAWAII' I REGIONAL ECONOMIC STEWARDSHIP AND ADVANCEMENT ECONOMIC DEVELOPMENT DISTRICT DESIGNATION REQUEST



Postcard Circa 1920s: Not to Scale / Distances in nautical miles¹

¹ Pacific Islands Arts Store. [Location of the Hawaiian Islands Map](#). Note: Some discrepancies in distances likely due to age.

SUMMARY

The State of Hawai'i Office of Planning and Sustainable Development (OPSD) requested designation of the region encompassing the state of Hawai'i as an Economic Development District pursuant to Title 13 Code of Federal Regulations, Section 304. The proposed district, named the Hawai'i Regional Economic Stewardship and Advancement (HIRESA) EDD, was granted designation by the U.S. Economic Development Administration (EDA) on January 16, 2025.

This document provides the rationale that was submitted to the EDA in support of this request.

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INTRODUCTION & BACKGROUND

Hawai'i's history as a unified political entity is nearly as old as the United States itself. In 1785, following the battle of Nu'uuanu, King Kamehameha the Great unified all of Hawai'i except for Kaua'i and Ni'ihau, which eventually joined the Kingdom of Hawai'i in 1810. In 1843, Hawai'i was formally recognized by the United Kingdom and France as a sovereign nation with the signing of the Anglo-Franco Proclamation. Following this proclamation, the Kingdom's diplomatic relations flourished and over 110 Hawaiian consulates were opened around the world.² The Kingdom of Hawai'i governed the islands until 1893 when Queen Lili'uokalani was deposed in a coup d'état supported by U.S. Marines. Hawai'i functioned as an organized incorporated territory of the United States from 1900 until 1959 when Hawai'i became the fiftieth state. The city of Honolulu, located on the island of O'ahu, has been the capital of the Hawaiian Islands since 1845.

Located in the center of the Pacific Ocean, Hawai'i is described as "the most isolated population center on Earth,"³ being 2,390 miles from the nearest major landmass (see cover image for artistic representation). An archipelago consisting of 132 islands, shoals, and reefs extending over 1,523 miles makes up the state's unique physical geography and, as shown in **Figure 1**, consists of eight major islands. Together, these eight islands account for 99% of the land area (6,423 square miles⁴), and, with exception of Kaho'olawe, are inhabited by the state's 1.4 million residents.

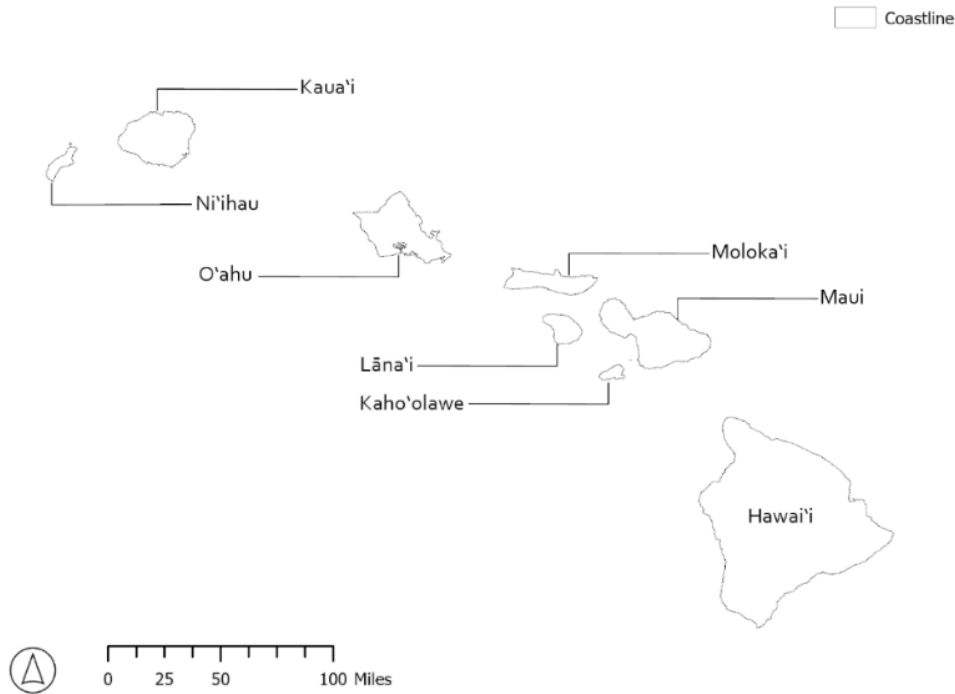
This purpose of this document is to provide the U.S. Economic Development Administration (EDA) with the necessary information to designate the region encompassing the state of Hawai'i as an Economic Development District pursuant to Title 13 Code of Federal Regulations, Section 304. The proposed district comprises of five counties—Hawai'i, Honolulu, Kaua'i, Maui, as well Kalawao (see **Figure 2**)—and four county governmental units.

² State of Hawai'i Department of Accounting and General Services. [Celebrating the Diplomatic History of the Hawaiian Kingdom](#) (2018, November 13).

³ U.S. Census Bureau. [Guide to State and Local Census Geography: Hawaii](#) (2021, October 8), p. 3.

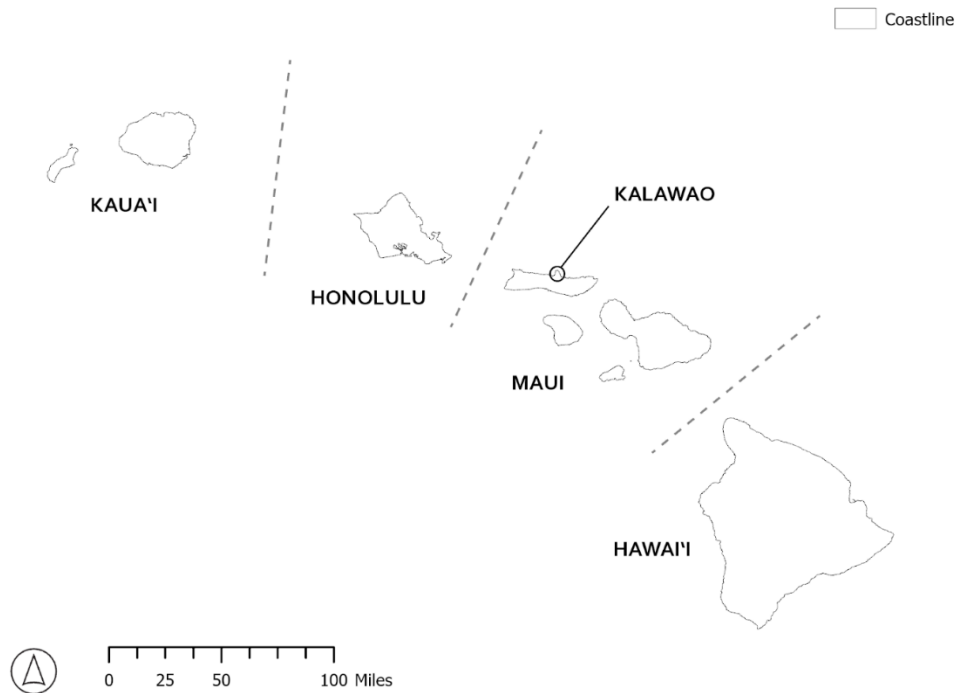
⁴ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [The State of Hawai'i Data Book 2021](#) (2021).

Figure 1: Major Hawaiian Islands



Map Source: State of Hawai'i Office of Planning and Sustainable Development, Special Plans Branch.

Figure 2: Counties in the State of Hawai'i



Map Source: State of Hawai'i Office of Planning and Sustainable Development, Special Plans Branch.

Hawai'i as a Distinct Economic Region

Factors of production that drive the state's economy tend to be centralized in Honolulu and distributed to the other more rural counties. An analysis by the Research and Economic Analysis Division of the State of Hawai'i Department of Business, Economic Development and Tourism, of inter-county purchases and sales noted: "Honolulu made a sizable portion of total sales to industries located in the other three counties. Except for some inputs to the manufacturing (food processing) industry, the flows of industries' inputs among Hawai'i, Kaua'i and Maui counties were quite small."⁵ This economic structure is largely the result of Hawai'i's geographic isolation, and these shared resources uniquely bind Hawai'i's counties and create economic dependencies that are specific to this region.

Advances in transportation and communication technologies have fostered a globally-networked society which allow commodities, resources, and people to be transported further and faster than ever before—in the process, shifting the scale at which economies are organized⁶. While Hawai'i's geographic location is situated directly between Eastern and Western economies, offering strategic linkages with each⁷, this section underscores an important factor contributing to the state's distinct presence as an economic region operating within the larger global economy—its culture.

Hawai'i is the most racially diverse state in the nation with over a quarter of its citizens being mixed race.^{8,9} Hawai'i's culture gives the islands a unique "Aloha spirit," which has even been enshrined into law with *the Law of the Aloha Spirit* (Chapter 5-7.5, Hawai'i Revised Statutes). The melting pot of cultures has also given Hawai'i a unique dialect, "pidgin" or more formally Hawai'i Creole English.

Hawai'i's business culture is similarly based on an understanding and embrace of local culture and Aloha which is ever-present across all counties. "While I think every place has its differences, the history of migration and the geographic isolation of Hawai'i make it truly unique," says Shidler College's Assistant Dean of Business Robin Hadwick. "The challenges for a business person moving here are similar to the challenges that face expatriates working in other countries."¹⁰

⁵ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [2017 Hawai'i Inter-County Input-Output Study](#) (2022, March).

⁶ Harvey, David. "Globalization and the "spatial fix"." *geographische revue: Zeitschrift für Literatur und Diskussion* 3, no. 2 (2001), p. 23-30.

⁷ Bond-Smith, Steven. "Diversifying Hawai'i's Specialized Economy: A Spatial Economic Perspective." *Economic development quarterly* 38, no. 1 (2023), p. 40–59.

⁸ State of Hawai'i Department of Business, Economic Development and Tourism. [Hawai'i Facts & Figures](#) (2023, January), p. 3.

⁹ Schnell, Mychael. The Hill. [Hawai'i is most diverse state in the US, census shows](#) (2021, August 12).

¹⁰ Creamer, Beverly. Hawai'i Business Magazine. [Newcomer's Guide to Business in Hawai'i](#) (2017, September 9).

Aloha connects Hawai'i as a region beyond local business culture. "Hawai'i as a brand is huge," noted the CEO of Na Hoku, the state's oldest and largest jewelry manufacturer. "You say the word Hawai'i to anybody outside of Hawai'i, and they immediately warm up to you."¹¹ The Hawai'i brand carries with it an image of not just palm trees and sandy beaches but an authentic culture of Aloha. This culture is a key ingredient for one of the state's major economic drivers, tourism, which creates distinct statewide economic linkages. As an example, a \$131.1 million increase in visitor spending on Maui County in 2019 was estimated to have increased statewide output by \$254.8 million, labor income by \$81.0 million, and added 1,627 jobs, with only approximately 59%, 55.2%, and 60.6% of these gains, respectively, located within Maui County while the remainder was distributed across the state.¹² Preserving and ensuring the authenticity of the Hawai'i brand is both an economic necessity and a cultural imperative.

Land Management in Hawai'i

Almost two centuries ago, Hawai'i undertook a radical reformation of land tenure¹³—moving from more of a feudal system to the fee simple arrangement common in contemporary Western societies. This reformation resulted in four major allocations of land: over 1.5 million acres were awarded to chiefs (*Konohiki Lands*), 1 million acres reserved for King Kamehameha III (*Crown Lands*), 1.5 million acres were given to the government and people of Hawai'i (*Government Lands*), and around 30,000 acres of land awarded to natives who, as tenants, had made improvements to any portion of the lands in the kingdom (*Kuleana Lands*).

Divisions established during the land reformation were in place until the overthrow of the monarchy in 1893, when the remaining Crown Lands were transferred to the new government and thereafter made part of the public domain¹⁴. Upon Hawai'i's annexation in 1898, these lands were "ceded" to the United States and federally held to be used "for the benefit of the inhabitants of the Hawaiian Islands."^{15,16} The federal government later, upon Hawai'i's statehood in 1959, returned the remainder of ceded lands to the State of Hawai'i with the exception of approximately 350,000 acres for military bases and national parks and over

¹¹ Yu, Lianne. Hawai'i Business Magazine. [Made in Hawai'i](#) (2016, August 23).

¹² State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [2017 Hawai'i Inter-County Input-Output Study](#) (2022, March), p. 15.

¹³ Note: Known as the "Great Mahele," where mahele means division.

¹⁴ Chinen, Jon J. University of Hawai'i Press. *The Great Mahele: Hawai'i's Land Division of 1848* (1958).

¹⁵ Van Dkyke, Jon. Honolulu Civil Beat. [What Are the 'Ceded Lands' of Hawai'i?](#) (2010, October 25). Note: All crown and government lands were ceded with the exception of 46,594 acres sold by the Republic of Hawai'i prior to annexation by the U.S.

¹⁶ State of Hawai'i Office of Hawaiian Affairs. [History - The Office of Hawaiian Affairs \(OHA\)](#).

200,000 acres which had been set aside in 1920 to create homesteads for use by Native Hawaiians.¹⁷

To this day, ceded lands are held by the State of Hawai'i for public education, the betterment of the conditions of Native Hawaiians, development of farm and home ownership, public improvements, and public use. The uses of these lands have been codified in both legislation and amendments to Hawai'i's constitution resulting in the creation of the Office of Hawaiian Affairs which receives a prorated share of revenue from ceded lands for the benefit of all Native Hawaiians. Ceded lands cannot be sold or transferred without legislative approval and the State has a constitutional duty to protect and preserve the land as a public land trust.¹⁸

Hawai'i's current framework for land use management and regulation was established by the State Land Use Law (Chapter 205, Hawai'i Revised Statutes) in 1961. This framework classifies all lands within the state into one of four land use districts: urban, rural, agriculture, and conservation.¹⁹ As shown in **Table 1**, urban lands, which are characterized by "city-like" concentrations of people structures and services, make up approximately 5% of the state. Rural districts, composed primarily of small farms intermixed with low density residential lots, represent 0.25% of the state's lands. The remaining 95% of state lands are zoned as either agricultural or conservation districts. Hawai'i is already one of the smallest states in the nation in terms of land area but, by subtracting the conservation lands shown in **Figure 3** from the state's total land eligible for development, Hawai'i moves from being close to the size of New Jersey to being smaller than Connecticut.²⁰ However, unlike Connecticut, Hawai'i's lands—and therefore natural resources—are noncontiguous. This distribution of land across eight islands creates tensions between desires to open new space for development and desires to protect natural resources in an environment where land itself is scarce and the next closest land resources are thousands of miles away.

¹⁷ Lovell, Blaze. Honolulu Civil Beat. [Extending State Land Leases Could Benefit Businesses, But At What Cost To Taxpayers?](#) (2021, June 1). *Note: Department of Hawaiian Homelands (DHHL) homesteads are for native Hawaiians with at least 50% blood quantum. In some instances, lands deemed unsuitable for homestead use can be used for commercial or industrial leases with revenues going to the DHHL.*

¹⁸ State of Hawai'i Land Use Commission. [The Public Land Trust, Native Hawaiian Law Training](#) (2022, June).

¹⁹ State of Hawai'i Land Use Commission. [State Land Use Districts](#) (2018, December 5).

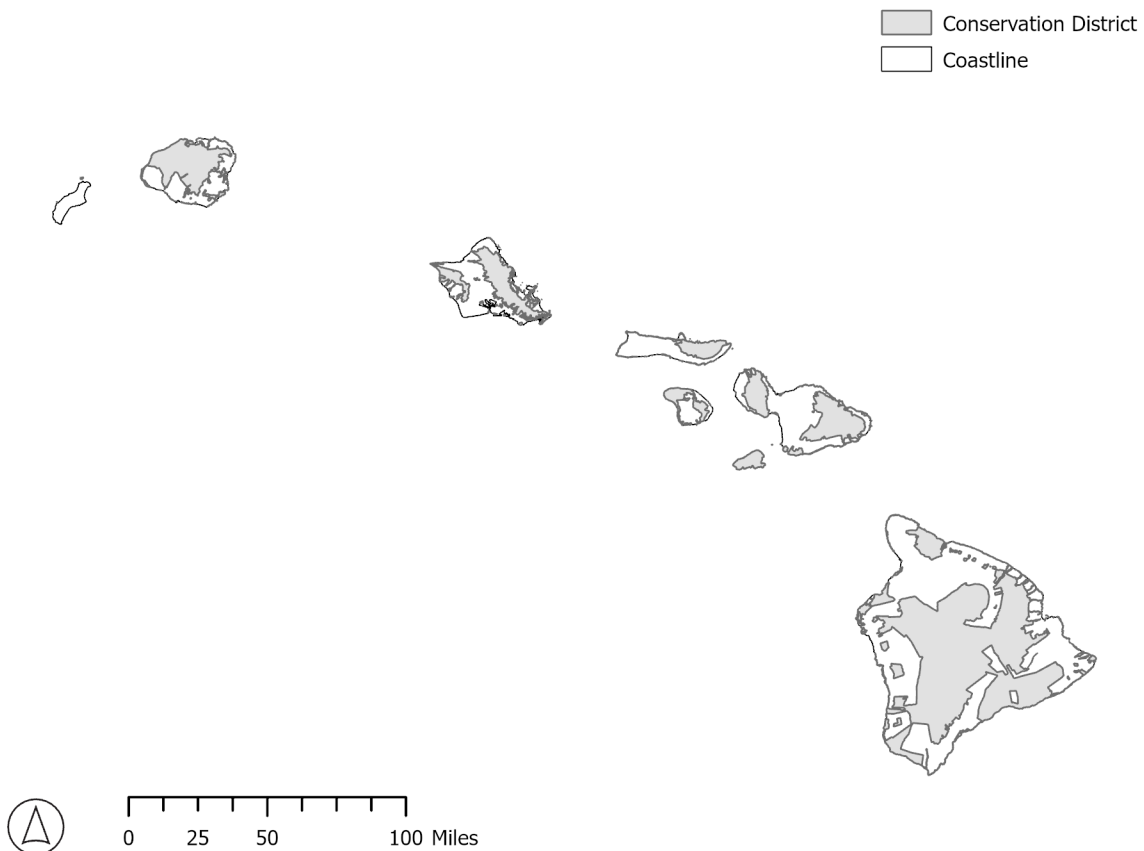
²⁰ Munson, Olivia. USA TODAY. [What is the biggest state in the US? The states from largest to smallest by land area](#) (2023, August 8).

Table 1: Proportion of Land Use Districts in Hawai'i

Land Use District	Acres	% of Total
Agriculture	1,885,399	45.74
Conservation	2,022,333	49.06
Rural	10,459	0.25
Urban	204,062	4.95
Total	4,122,253	100

Data Source: Hawai'i State Geodata Portal

Figure 3: Conservation Districts in Hawai'i



Map Source: State of Hawai'i Office of Planning and Sustainable Development, Special Plans Branch.

Economic Linkages within the Region

Transportation and Shipping

Hawai'i's transportation and supply distribution networks highlight the interconnectedness of the islands. O'ahu is often "the gathering place" where people and goods initially arrive before

moving to the outer islands. Without roads to connect the islands, air and sea transportation allows for trade and travel to flourish between the islands.

Before the arrival of western explorers, the sea connected the islands together. Large agricultural surpluses and demand for specific resources created interisland trade in goods such as volcanic glass adzes, spears, *tapa* cloths, *koa* logs, and *wiliwili* wood for building canoes.²¹ Today, interisland maritime trade remains a vital element of Hawai'i's economy. A large percentage of Hawai'i's maritime trade occurs within the region with 10.2 million tons of intrastate shipments as compared to 12 million tons in total imports and 1.97 million tons in total exports.²² Air cargo provides an additional connection for high value, low volume goods with an annual average of 108,654 tons between 2015-2019. The importance of this connection has also been expanding rapidly with annual growth of 5.2%.²³

According to the Research and Economic Analysis Division of the State of Hawai'i Department of Business, Economic Development and Tourism, "generally, the trade pattern for inbound freight is for the freight to arrive on O'ahu (Honolulu or Barbers Point) and then either remain on O'ahu or be transshipped to the neighbor islands. For outbound freight, the goods are shipped from the neighbor islands to O'ahu, consolidated with O'ahu freight, and then shipped to out-of-state destinations."

O'ahu does not exclusively function as a transshipment point. For instance, crude petroleum (1.5 million tons domestic, 4.8 million tons international) arrives on O'ahu and then is refined into finished petroleum products such as gasoline, jet fuel, and kerosene. These products are then distributed locally on O'ahu, to out-of-state locations, and to the neighbor islands with 1.1 million tons of petroleum and petroleum products being shipped within the region.²⁴

If maritime trade is the primary means through which goods move between the islands, air travel is what primarily moves people between the islands. According to economist Paul Brewbaker, "there is no other state that relies so heavily on air transport to connect itself geographically... To paraphrase former Governor [Linda] Lingle, HA [Hawaiian Airlines] is the

²¹ La, C. S. University of Chicago Press. "Hawai'i: Eight hundred years of political and economic change" (2019), p. 53.

²² State of Hawai'i Department of Business, Economic Development and Tourism. [Marine Cargo and Waterborne Commerce in Hawai'i's Economy](#) (2019, May). *Note: These 2016 figures are based on international and domestic imports and exports. Domestic: 4.5 million tons inbound, 0.88 million tons outbound. International: 7.5 million tons inbound, 1.1 million tons outbound.*

²³ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Air Cargo in Hawai'i's Economy](#) (2017, November).

²⁴ State of Hawai'i Department of Business, Economic Development and Tourism. [Marine Cargo and Waterborne Commerce in Hawai'i's Economy](#) (2019, May), p. 16-17. *Note: Notably, the neighbor islands do not receive significant amounts of crude petroleum directly, only refined petroleum products.*

freeway system for the Hawaiian Islands.”²⁵ Roughly 6.3 million passengers fly between the islands every year.²⁶ Daniel K. Inouye International Airport is located on O‘ahu and serves as the region’s primary air transportation hub and is one of the busiest airports in the nation (by passenger count according to the U.S. Bureau of Transportation Statistics). Visitors often arrive there before visiting the neighbor islands and many spend time on O‘ahu as part of their travel. Beyond the visitor economy, interisland travel is common for both business and recreation. According to the U.S. Census Bureau, nearly 3,000 Hawai‘i residents commute to work in a different county—which, in Hawai‘i’s context means a different island—from their primary residence.²⁷

Broadband

The Hawai‘i Broadband Strategic Plan recognized “robust broadband infrastructure as foundational to Hawai‘i’s economic future and, as importantly, the quality of life of its residents.”²⁸ Due to Hawai‘i’s unique geography, Hawai‘i’s broadband infrastructure is organized into four distinct segments each playing a critical role in enabling end-user connectivity. First, transpacific connectivity is Hawai‘i’s broadband “lifeline” which is primarily reliant upon costly submarine fiber optic cable connections to the mainland U.S. and Asia. Second, interisland connectivity consists primarily of three interisland submarine fiber cables connecting all the major islands. Third, on-island connectivity generally uses fiber optic cabling to connect services. Fourth, “last mile” connectivity provides the final connection between the provider’s central distribution point to the final subscriber’s residence or business.²⁹

Hawai‘i’s current broadband infrastructure connects the islands both physically and economically. Connectivity between the islands—enabled primarily by interisland submarine cables—creates a redundant infrastructure that is critical for reliable access to high-speed internet for businesses, employees, and consumers alike.

This was particularly evident during the COVID-19 pandemic, during which stay-at-home orders were issued across the region causing businesses, employees, and consumers to rapidly adapt to remote environments. A recent survey conducted by the Research and Economic Analysis Division of the State of Hawai‘i Department of Business, Economic Development and Tourism indicated that 80% of Hawai‘i’s workforce has a broadband internet connection at their home,

²⁵ Hawaiian Airlines. [90th Anniversary Economic Impact Report](#) (2019, July). *Note: At the time, Hawaiian Airlines was the principle inter-island carrier, providing over 96% of the total inter-island traffic in 2018.*

²⁶ Hawaiian Airlines. [2022 Economic Impact Report](#) (2023, February 10), p. 13.

²⁷ U.S. Census Bureau (communication and employment data). “Table 2. Resident County to Workplace County Commuting Flow for the United States and Puerto Rico Sorted by Workplace Geography: 5-Year ACS, 2011-2015”.

²⁸ State of Hawai‘i Department of Business, Economic Development and Tourism, Office of Planning. [Hawai‘i Broadband Strategic Plan](#) (2020 October), p. 1.

²⁹ *ibid*, p. 16.

including cable, fiber optic, or DSL, and 59.6% of those polled reported having worked remotely at some point since the start of the pandemic in March 2020.³⁰ This survey further demonstrated the extent of Hawai'i's workforce that leveraged internet connectivity to work remotely from a different island from their residence at least at the time of survey. 5.4% of those polled indicated residing on a different island from their employer, of which 74.6% worked remotely at least during the pandemic and 65.3% of which were continuing to do so at the time of survey (between September 16, 2021 through January 10, 2022). This same survey additionally indicated that 51.2% businesses across the region invested made financial investments during the pandemic to enable remote work, of which 82.2% implemented new web-based community / collaboration tools and 52.3% digitized operations that were previously paper-based, in order to maintain their operations during the pandemic. These findings point to both the interconnectedness of the workforce across the region enabled by internet connectivity, as well as the importance of the interisland broadband infrastructure to workforce and business resiliency.

³⁰ State of Hawai'i Department of Business, Economic Development and Tourism. [Remote Work in Hawai'i: Effects of the COVID-19 Pandemic on Hawai'i's Remote Work Marketplace](#) (2022, February).

REGIONAL CHARACTERISTICS & ECONOMIC DISTRESS

In 2022, the state of Hawai'i had a nominal Gross Domestic Product (GDP) of \$98.2 billion. This is an increase from GDP of \$91.9 billion in 2021. Notably, real GDP growth (in 2012 dollars) was more limited going from \$74.5 billion in 2021 to \$75.4 billion in 2022. In 2022, the region's economy supported approximately 618,100 jobs with a per capita nominal personal income of approximately \$61,200.³¹ Honolulu County accounts for nearly 70% of the region's population³² and 68% of the civilian labor force³³ reside there. With 74% of the region's gross domestic product (in current dollars, 2021)³⁴, Honolulu County is the region's center of business, finance, and government.

In the fourth quarter of 2021, Hawai'i's five largest sectors by real GDP are real estate and rentals, accommodation and food services, state and local government, health care and social assistance, and retail trade (see **Table 2**). These top five groups account for 51.1% of the total real GDP.³⁵ While not mentioned as an individual sector, tourism plays a significant role in Hawai'i's economy with total visitor expenditures of \$22.6 billion in 2022 contributing to approximately 24.2% of GDP and 229,318 jobs.³⁶

Despite Hawai'i's extreme isolation, its economy is heavily dependent on imported goods, having brought in \$2.52 billion in imports compared to \$703 million in exports in 2022. The top imported items were petroleum products (\$792 million), cars (\$155 million), and electric accumulators or energy storage devices (\$124 million).³⁷ While these figures refer to foreign imports, Hawai'i depends on transpacific shipping of many other domestic goods such as processed foods and feeds, manufactured goods, and agricultural products. In total, more than

³¹ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Quarterly Statistical & Economic Report, Executive Summary 3rd Quarter 2023](#).

³² State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Population and Housing Trends Dashboard](#). Data source: U.S. Census Bureau, Decennial Census for various years.

³³ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [County Social, Business and Economic Trends in Hawai'i, 1990-2021](#). Data source: Hawai'i State Department of Business, Economic Development and Tourism, Unemployment/Labor Force Estimates, Not Seasonally Adjusted, Statewide.

³⁴ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Economy Dashboard, GDP/Income](#). Data source: U.S. Bureau of Economic Analysis.

³⁵ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [The Impacts of COVID-19 on Hawai'i's Real GDP and Job Growth and Industrial Structures](#) (2022, July), p. 6-7. *Note: Tourism is broken across multiple industry groups.*

³⁶ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Tourism and Hawai'i Economy](#) (2023, October 3). *Note: Includes direct, indirect, and induced impacts. Declined dramatically during the COVID-19 pandemic.*

³⁷ The Observatory of Economic Complexity. [Profile: Hawaii](#).

80% of all goods consumed in Hawai'i, and 85% to 90%³⁸ of Hawai'i's food, is imported. This dependence makes Hawai'i particularly vulnerable to natural disasters and global events that might disrupt shipping and the food supply.

Table 2: Annualized Real GDP by Industry Q4, 2021

Industry Group	Real GDP (\$ millions, 2021)	% of total
Real estate and rental and leasing	13.2	17.4
Accommodation and food services	7.2	9.5
State and local government	7.0	9.2
Health care and social assistance	6.2	8.1
Retail trade	5.2	6.9

Data Source: State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [The Impacts of COVID-19 on Hawai'i's Real GDP and Job Growth and Industrial Structures](#) (2022, July), p. 7.

According to the StatsAmerica Measuring Distress Tract Tool, Hawai'i has 173 unique census tracts that meet the U.S. Economic Development Administration's (EDA) economic distress criteria (see **Table 3**). 99 of these tracts have a Per Capita Money Income (PCMI) of 80% or less of the national average per capital income. 126 tracts have an unemployment rate at least 1% higher than the national average (see **Appendix A** for the spatial distribution of census tracts).

Table 3: Census Tracts Meeting EDA Economic Distress Criteria (By County)

County	Meets PCMI Criteria	Meets Unemployment Criteria	Total Unique Tracts
Hawai'i	17	20	26
Honolulu	73	82	118
Kaua'i	2	6	8
Maui	7	18	21
Total	99	126	173

Data Source: StatsAmerica, Measuring Distress Tract Tool. Data downloaded October 18th, 2023.

Hawai'i has also experienced significant outmigration. Hawai'i's resident population has declined every year since 2018 according to the State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division's Economic Data Warehouse. This outmigration, particularly among working age individuals, has been identified

³⁸ Leung, PingSung and Loke, Matthew. College of Tropical Agriculture and Human Resources, University of Hawai'i. "Economic Impacts of Increasing Hawai'i's Food Self-Sufficiency." *Economic Issues* EI-6 (2008, December), p. 2.

as a significant cause of labor force shortages in Hawai'i.^{39,40} Every county Comprehensive Economic Development Strategy (CEDS) identified outmigration, driven in part by the high cost of living and lack of affordable housing, as an area of concern.⁴¹ Among all states, Hawai'i is regularly identified as one of the highest in per capita population decline.^{42,43}

Hawai'i County

Hawai'i County encompasses Hawai'i Island, aptly nicknamed the "Big Island" as it is the largest of the Hawaiian Islands and is almost twice the combined size of the other islands. It has a population of 202,906. The two largest population centers are Kona and Hilo, the county seat. Hawai'i Island has 26 unique census tracts that fulfill the EDA's distress criteria with 17 of them meeting the PCMI criteria and 20 meeting the unemployment criteria.

The youngest of the islands, the Big Island is home to the only two active volcanos in the region, Mauna Loa and Kīlauea. While volcano eruptions are a regular occurrence for the island, the county of Hawai'i experienced a disastrous event in 2018 when Kīlauea erupted while simultaneously sustaining damages from Hurricane Lane, the latter which peaked as a Category 5 hurricane. The eruption sent lava into the lower Puna District of Hawai'i Island, covering approximately 14 square miles of land and forcing approximately 2,000 residents to evacuate and causing the loss of 700 homes⁴⁴ and recovery costs in excess of \$800 million (2018 USD)⁴⁵ As a result of the eruption and hurricane, more than 2,950 jobs were lost from the county's workforce while statewide job losses amounted to 4,100 over the following 12-month period largely due to impacts to tourism.⁴⁶ Both the county and state sustained significant economic losses that were exacerbated by the COVID-19 pandemic, and recovery continues till this day.

Honolulu County

For most purposes, the City and County of Honolulu comprises of the island of O'ahu and is home to 1,000,890 people, nearly 70% of the region's population.⁴⁷ Nicknamed the "Gathering Place," O'ahu is the center of business, finance, and government for the region. Legally, the City

³⁹ [2023 Hawai'i State Comprehensive Economic Development Strategy](#), p. 18.

⁴⁰ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Brain Drain: Characteristics of Hawai'i-Born Adults on the U.S. Mainland](#) (2021, January).

⁴¹ [2023 Kaua'i CEDS](#), p. 38; [2023 Hawai'i County CEDS](#), p. 113; [2023 City & County of Honolulu \(O'ahu\) CEDS](#), p. 27; [2023 County of Maui CEDS](#), p. 53.

⁴² Mak, James and Tyndall, Justin. University of Hawai'i Economic Research Organization (UHRO). [Aloha 'Oe: Population Migration Between Hawai'i and the U.S. Mainland](#) (2020, August 6).

⁴³ Yerton, Stewart. Honolulu Civil Beat. [Hawai'i 's Population Drain Outpaces Most States – Again](#) (2022, January 5).

⁴⁴ Burnett, John. Hawai'i Tribute-Herald. "Official count of houses destroyed reaches 700" (2018, July 10).

⁴⁵ Dayton, Kevin. Star Advertiser. "Recovery from Kilauea eruption might cost \$800M" (2018, September 2).

⁴⁶ County of Hawai'i. "2018 Kilauea Disaster Economic Recovery Plan" (2020, December), p. v.

⁴⁷ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Hawai'i Facts & Figures](#) (2023, January), p. 3.

and County of Honolulu includes most of the largely uninhabited Northwestern Hawaiian Islands (NWHI) to Kure Atoll (1,367 miles from Honolulu) with the notable exception of Midway Atoll, which is not part of the state of Hawai'i (see **Appendix B** for map of the NWHI).⁴⁸ 118 unique census tracts meet EDA distress criteria on O'ahu. 73 tracts meet PCMI criteria while 82 meet unemployment criteria.

Kalawao County

Located on Kalaupapa Peninsula on the island of Moloka'i, Kalawao County is the smallest county in the United States by area and among the smallest in terms of population with 82 residents.⁴⁹ Unlike the other four counties of the state, each of which are governed by their own county government and mayor, Kalawao County does not function as a governmental unit and is administered by the State of Hawai'i Department of Health due to its small size and special circumstances. The community was created in 1866 when the Hawai'i legislature passed a law quarantining those seriously afflicted with Hansen's disease (leprosy) to live in Kalaupapa. The community is geographically isolated and only accessible by land via mule trail. After the quarantine was lifted in 1969, some residents chose to stay and were granted the right to remain for life. Kalawao County is a Persistent Poverty County.⁵⁰

Kaua'i County

Kaua'i County primarily consists of the islands of Kaua'i and Ni'ihau. Kaua'i Island, nicknamed the "Garden Isle", is the county seat and home to the vast majority of Kaua'i County's 73,454 people.⁵¹ Ni'ihau, the "Forbidden Isle", with a population of 84 people is privately owned and off-limits to the outsiders except for the Robinson family, their relatives, and a small number of U.S. Navy personnel, government officials, and guests.⁵² Eight unique census tracts meet EDA economic distress criteria with two census tracts meeting PCMI criteria while six others meet unemployment criteria (see **Table 3**).

Maui County

Maui County has a population of 164,268 and consists of four major islands: Maui, Molokai, Lanai, and Kaho'olawe.⁵³ Maui Island, also known as the "Valley Isle," has a population of 153,914 and is the seat of the Maui County government. Moloka'i, the "Friendly Isle," is home to 7,369. Moloka'i also contains Kalawao County which, due to its special circumstances, is

⁴⁸ Note: Midway has a small population of approximately 40 people, mostly staff of the U.S. Fish and Wildlife Service and other workers.

⁴⁹ U.S. Census Bureau. [QuickFacts Kalawao County, Hawaii](#). (2022, July 1).

⁵⁰ U.S. Economic Development Administration. [FY2023 Persistent Poverty Counties](#). (2023).

⁵¹ State of Hawai'i Department of Business, Economic Development and Tourism. [Hawai'i Facts & Figures](#), 3.

⁵² U.S. Census Bureau. [Ni'ihau CCD, Kauai County, Hawaii - Census Bureau Profile](#). Data source: U.S. Census Bureau, Decennial Census.

⁵³ State of Hawai'i Department of Business, Economic Development and Tourism. [Hawai'i Facts & Figures](#), 3.

administered by the State of Hawai'i Department of Health and does not have many of the traditional functions of county governments. Lanai, the "Pineapple Island," has a population of 3,367 and is almost entirely owned by Larry Ellison, the co-founder of the Oracle Corporation. Finally, the island of Kaho'olawe is uninhabited and inaccessible to the public as the island was used by the U.S. military as a target range. Within Maui County, 21 unique census tracts align with the EDA's distress criteria. Among these, 7 tracts satisfy the PCMI criteria, and 18 tracts meet the criteria for unemployment.

In August of this year, winds from Hurricane Dora (a Category 4 hurricane) fanned wildfires sparked within the region but with devastating effects for the island of Maui, causing the presidentially declared Hawai'i Wildfires disaster (DR-4724-HI). The fires left 100 people confirmed dead in Maui with four more still missing,⁵⁴ and destroyed or damaged an estimated 3,631 properties, the majority of which were residential leaving 11,000 displaced.⁵⁵ An approximate 2,170 acres were burned during the fires with economic costs estimated at \$5.5 billion.⁵⁶ 834 businesses employing approximate 7,000 employees were closed within the disaster area.⁵⁷ The estimated value of destroyed commercial and industrial structures was \$262 million dollars with an additional \$65 million dollars of destroyed tourist accommodations.⁵⁸ Visitor arrivals fell by nearly 75% following the fires with Maui losing over \$13 million in visitor spending each day. Weeks of unemployment claimed surged from 676 weeks claimed the week of the fires to 8,779 weeks claimed a month later.⁵⁹ 2023 statewide job growth is expected to dip by approximately half a percent as compared to prior forecasts. Real personal income growth is expected to slow from 2.9% in 2023 to about 2% in 2024.⁶⁰

⁵⁴ Fortin, Jacey and Hassan, Adeel. The New York Times. "As Search for Maui Victims Goes On, Names of Dead Slowly Emerge" (2023, November 14).

⁵⁵ State of Hawaii House of Representatives. [Shelter Working Group Draft Report](#) (2021, November 1).

⁵⁶ Pacific Disaster Center and Federal Emergency Management Agency. [Lahaina Fire – Maui County Hawaii Damage Assessment](#) (2023, August 12).

⁵⁷ Mak, James et al. University of Hawai'i Economic Research Organization (UHERO). [Economic Perspective of Maui's Devastating Wildfires](#). (2023, September 8).

State of Hawai'i Department of Business, Economic Development and Tourism. [Maui Wildfire Impacts Economic Recovery](#) (2023 September 6).

⁵⁸ Mak, James et al. [Economic Perspective of Maui's Devastating Wildfires](#).

⁵⁹ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Weekly Unemployment Updates](#). Data Source: Hawaii State Department of Labor and Industrial Relations; calculation by State of Hawai'i Department of Business, Economic Development and Tourism.

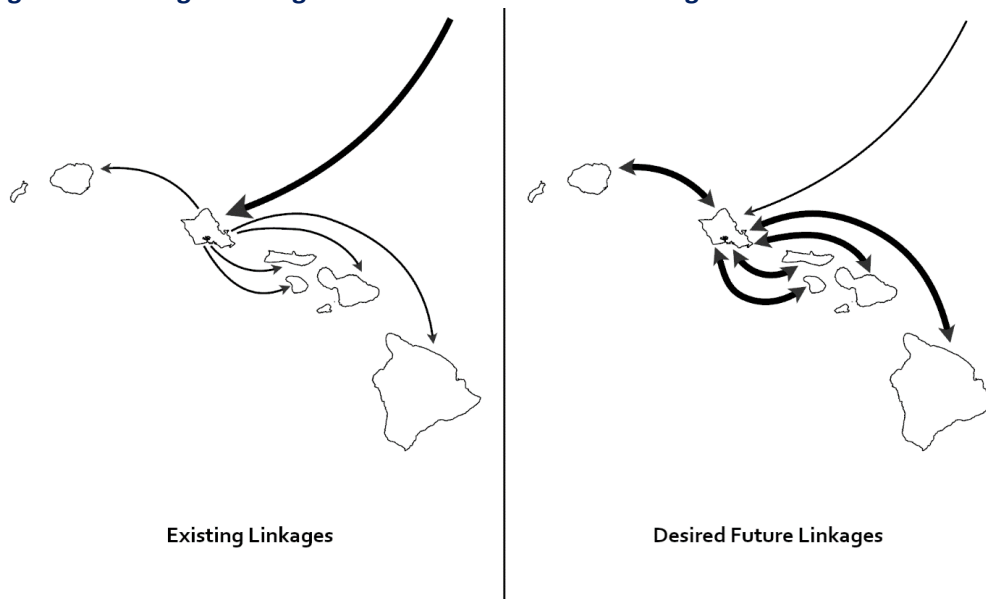
⁶⁰ University of Hawai'i Economic Research Organization (UHERO). [Wildfires Deliver Heavy Blow to Maui Economy](#). (2023, September 22), p. 13.

ADVANCING HAWAI'I'S ECONOMIC FUTURE

For many of Hawai'i's residents, the COVID-19 pandemic underscored vulnerabilities associated with the State's current economic configuration. Not only did a longtime reliance on the visitor and tourism industry leave much of the local workforce unemployed, but an over-reliance on imported foods combined with supply chain disruptions led to high levels of food insecurity in communities across the region.⁶¹ These struggles have amplified pre-existing calls for "resiliency" to be a key theme when thinking about Hawai'i's economic future and is now reflected in Comprehensive Economic Development Strategies (CEDS) at both the state⁶² and county⁶³ levels.

Against this backdrop, residents of Hawai'i see a need to reduce dependence on imports for not only food, but fuel and other essential goods as well.⁶⁴ What has emerged is a desire to shift the weight from those transpacific economic linkages that contribute to Hawai'i's import dependencies and exacerbate Hawai'i's vulnerability toward those shared between the islands (**Figure 4**)—solidifying Hawai'i as a resilient economic region led by its own Economic Development District.⁶⁵

Figure 4: Shifting the Weight of Dominant Economic Linkages in Hawai'i



Map Source: State of Hawai'i Office of Planning and Sustainable Development, Special Plans Branch.

Note: Weight of arrows are simplified for illustrative purposes.

⁶¹ [2023 Hawai'i State Comprehensive Economic Development Strategy](#).

⁶² *ibid*, p. 2.

⁶³ E.g., [2023 City & County of Honolulu \(O'ahu\) CEDS](#), p. 10.

⁶⁴ [2023 Hawai'i State Comprehensive Economic Development Strategy](#).

⁶⁵ *ibid*.

In the spirit of change, the EDD designation will not only serve to strengthen Hawai'i's resiliency, but ensure a more equitable, sustainable, and prosperous economy by facilitating implementation of the CEDS and other HIRESA planning work products. The HIRESA EDD will provide a persistent forum to facilitate coordinated assessment, planning, and action among Hawai'i's communities, nonprofit organizations, County and State governments, private industry, and other economic development practitioners to collectively address economic hardships, vulnerabilities, and opportunities to advance Hawai'i's economic future.

Strengthen Economic Resilience

Disaster Recovery & Mitigation

The effects of climate change are being experienced in real-time across the world, as the intensity of natural disasters escalates with increasing global surface temperatures. The recent Hawai'i Wildfires disaster (DR-4724-HI, August 2023) is no exception – while the direct cause of the fires remains to be determined, there is no doubt of the role of climate change. Clark University Climatologist Abby Frazier, who has researched Hawai'i and the recent wildfire incident, describes weaker La Niñas, thinning clouds, and changing storm patterns all as contributing factors – and all signaling the effects of climate change.⁶⁶

The HIRESA EDD will play a critical role in the recovery not only from the Hawai'i Wildfires disaster, but also those preceding this incident—namely, the COVID-19 pandemic (DR-4510-HI), and the combined Hurricane Lane (DR-4395-HI) and Kīlauea Volcanic Eruption (DR-4366-HI)—and those to come. The economic impacts caused by such events cascade through the economic linkages between Hawai'i's counties and thus require coordinated planning and action to comprehensively address economic recovery.

Beyond recovery, the HIRESA EDD will facilitate continuous planning and action among Hawai'i's communities, nonprofit organizations, County and State governments, private industry, and other economic development practitioners to address economic vulnerabilities and mitigate the impacts of future economic disruptions. The HIRESA EDD will seek to coordinate these activities with other related efforts such as the county-specific and statewide Hazard Mitigation Plans and the ongoing work to develop a statewide economic recovery and resilience plan funded by the U.S. Economic Development Administration's (EDA) Statewide Planning Grant. This capability comes at a critical time to address Hawai'i's economic vulnerabilities to the effects of climate change and strengthen Hawai'i's resilience in the face of increasingly unprecedented challenges.

⁶⁶ Flavelle, Christopher and Andreoni, Manuela. The New York Times. "How Climate Change Turned Lush Hawai'i Into a Tinderbox." (2023, August 10).

Climate Resilience

Hawai'i's economy is vulnerable to climate change beyond disaster events. Global warming is having compounding disastrous effects on Hawai'i's coral reefs and marine ecosystems beyond natural cycles that cause ocean temperatures to fluctuate. Rising water temperatures are causing the loss of algae on which coral feed, causing a phenomenon known as "coral bleaching"—the death of corals that causes them to turn white. The resulting loss of Hawai'i's marine habitats is worsened by increasing acidity of the Pacific Ocean. The U.S. Environmental Protection Agency asserts that "Damage to coral and reduced fish populations could negatively impact the state's economy, as these natural resources bring an estimated \$385 million to Hawai'i each year through tourism, direct consumption, and commercial fisheries."⁶⁷

Climate change is also causing sea level rise and shoreline loss across coastal communities. Damage to coastal infrastructure will undoubtedly impact tourism, which accounts for roughly a quarter of Hawai'i's economy⁶⁸, as well as viability of coastal and inland properties including those serving residential, commercial, and civic purposes. Given that the less than 6% of Hawai'i's land districted for urban or rural development is concentrated around the coastal areas, sea level rise poses a grave challenge that will not only benefit from, but require regional collaboration across the region to both mitigate and adapt to the broad impacts on Hawai'i's economy, natural and built environments, transportation systems, energy supply, human health, and way of life.

Numerous efforts are underway to assess and address the impacts of climate change across Hawai'i. The HIRESA EDD will help to facilitate coordination and alignment with these various efforts to help address climate hazards as part of statewide economic development planning.

Ensure Equity & Inclusivity

As stated in an earlier section, Hawai'i is a melting pot of cultures—the nation's most racially and ethnically diverse state.⁶⁹ Along with this diversity come unique historical narratives and differing degrees of successes and failures of integration into democratic decision-making within and among communities across the region. Seeking to resolve historical barriers to inclusion and better integrate these communities into future decision-making processes, both the 2023 Hawai'i State and county-specific CEDS have called for increasing equity and inclusion

⁶⁷ United States Environmental Protection Agency. [What Climate Change Means for Hawai'i EPA 430-F-16-013](#) (2016 August).

⁶⁸ State of Hawai'i Department of Business, Economic Development and Tourism, Research and Economic Analysis Division. [Tourism and Hawai'i Economy](#) (2023, October 3).

⁶⁹ United States Census. [Bureau Racial and Ethnic Diversity in the United States: 2010 Census and 2020 Census, Diversity Index](#) (2021, August 12).

in economic development planning⁷⁰—amplifying voices which have traditionally gone unheard when charting a path toward prosperity.

Organizing the region into an Economic Development District responds to these calls by providing new forums for persistent and inclusive engagement, facilitating the development and exchange of engagement best practices between counties, and lending technical assistance and other support to capacity-constrained communities.

Broadband Access & Digital Literacy

Hawai'i is expected to receive over \$400 million in federal funding to expand broadband access and equity. The largest sum of money is from the Broadband Equity, Access, and Deployment (BEAD) Program administered by the National Telecommunications and Information Administration, which will provide \$149.5 million to give high-speed internet access to unconnected or underserved residences and communities. In further support of connectivity and digital equity, an additional \$40.6 million will support the connectivity and digital literacy for Native Hawaiian communities, subsidies for internet affordability, and establishing a digital equity office. Finally, \$152.8 million will be spent on capital projects to improve resilience and ensure equitable access such as undersea cables, landing stations, intra-island infrastructure, and connected community centers.

These investments are consistent with the 2023 Hawai'i State CEDS, which identifies a priority action to “strengthen broadband infrastructure, access, and literacy to enable equitable access to participation in the digital economy.”⁷¹ The 2020 Hawai'i Broadband Strategic Plan⁷² and Draft Hawai'i Digital Equity Plan⁷³ respectively note that broadband not only provides a foundation for innovation and economic development, but also “healthcare, education, public safety, entertainment,” “employment, ..., commerce, finance, communication,” all of which are critical for civic life. The Draft BEAD Five-Year Action Plan⁷⁴ further describes the impact of digital equity as one that “extends across various sectors and geographic regions in Hawai'i—economy, workforce, education, healthcare, essential services, and civic and social engagement” and that “Access to affordable, high-speed internet, connected devices, digital literacy training, and support programs for communities will empower Hawai'i's residents and create a more equitable and prosperous future.” These plans were developed on the foundation laid out in the Digital Equity Declaration for Hawai'i⁷⁵ which was created by the

⁷⁰ [2023 Hawai'i State Comprehensive Economic Development Strategy](#).

⁷¹ [2023 Hawai'i State Comprehensive Economic Development Strategy](#), 51.

⁷² [Hawai'i Broadband Strategic Plan](#).

⁷³ State of Hawai'i, Department of Business, Economic Development and Tourism, Broadband and Digital Equity Office. “Hawai'i Digital Equity Plan: Internal Draft.”

⁷⁴ University of Hawai'i. [State of Hawai'i BEAD Five-Year Action Plan](#) (2023 July).

⁷⁵ Broadband Hui. [Digital Equity Declaration](#).

Hawai'i Broadband Hui, an informal group of community members and organizations from every island, private sector, and government agencies, that emerged out of a shared desire to identify and address the inequities in internet access that arose during the COVID-19 pandemic.

Collectively, these plans and the initiatives driving them provide a clear path forward to achieving broadband access and digital literacy for all, bridging the digital divide. The HIRESA EDD will enable alignment of economic development initiatives with broadband access and digital literacy goals and initiatives to ensure that all Hawai'i residents have the opportunity not just to participate, but thrive, in the digital economy. Furthermore, ubiquitous participation in the digital economy has the potential to radically alter the economic landscape, creating demand for development in new areas and potentially sparking a redistribution of Hawai'i's population. To this end, the HIRESA EDD could additionally play an important role in forecasting and planning for this potential.

Realize Economic Prosperity

The 2023 Hawai'i State CEDS articulates a vision of “shared economic prosperity” underscored by the Hawai'i State Plan under Chapter 226-4, Hawai'i Revised Statutes, which calls for “A strong, viable economy, characterized by stability, diversity, and growth, that enables the fulfillment of the needs and expectations of Hawai'i's present and future generations.”

Economic Diversification

Hawai'i's dependence on tourism presents a significant challenge for the stability of Hawai'i's economy as evidenced during the COVID-19 pandemic. Hawai'i's unemployment rate went from among the nation's lowest at 2.2% in March 2020 to among the nation's highest at 22.4% by April, following the enactment of strict stay-at-home orders that brought visitor arrivals to a screeching halt.⁷⁶ Calls to diversify Hawai'i's economy to mitigate such impacts are not unique; it is well recognized among policymakers and economic development practitioners that to do so will require consistent and comprehensive cross-sector and cross-county coordination—of the sort that the HIRESA EDD will enable—and a blueprint to implement against, i.e., the CEDS.

Traded Sectors

Like any regional economy, Hawai'i needs economic drivers that bring in new money to circulate in the region's economy. Given the region's large import dependency, it is even more imperative to have diverse and resilient traded sectors beyond tourism that sell their goods and services to customers outside of the region, including both domestic and foreign.

⁷⁶ Bond-Smith, Steven and Fuleky, Peter. University of Hawai'i Economic Research Organization (UHRO). [The effects of the pandemic on the economy of Hawai'i](#). (2022, July 31), p. 9.
U.S. Bureau of Labor Statistics. [Unemployment rate rises to record high 14.7 percent in April 2020](#). (2020, May 13).

The 2023 Hawai'i State and county-specific CEDS provide blueprints for opportunities to grow traded economic activity leveraging both statewide and local economic assets. Of note, the State CEDS identifies statewide goals, objectives, and priority actions to “Invest in world-class research and development at the nexus of health, climate, water, energy, and food as an important economic opportunity and to build resilience,” “Encourage Hawai'i-based intellectual property generation,” “Support the creation, development, retention, and profitability of science and technology businesses” in emerging industries, and “Promote the export of goods and services by Hawai'i's businesses” by supporting existing trade / export assets and programs.”⁷⁷

These actions will be further amplified when leveraging Hawai'i's comparative advantages. The HIRESA EDD will play a critical role in working with the Research and Economic Analysis Division of the State of Hawai'i Department of Business, Economic Development and Tourism to aggregate data and conduct analyses on Hawai'i's cluster economic performance and identify enabling / prohibitive conditions against these advantages, while coordinating responsive and long-term actions to optimize such advantages.

Workforce Development

The 2023 Hawai'i State CEDS identifies an objective to “Build a skilled workforce prepared for existing and future jobs by investing in people at all stages of their career.”⁷⁸ The HIRESA EDD can support workforce development and the creation or retention of well-paying, quality jobs by improving access to potential funding sources for workforce development projects in connection with economic development priorities, building cross-sector partnerships, and coordinating with existing EDA-funded workforce development projects like the Good Jobs Challenge.⁷⁹

Furthermore, participation on the HIRESA EDD governing body by each county's Workforce Development Board will ensure the existence of, and equitable access by low-income communities to, employment services and upskilling or reskilling opportunities in careers that align with economic development priorities.

The University of Hawai'i —the region's largest secondary education institution and sole public university, with community college campuses in each county—will also participate on the HIRESA EDD governing body and serve to strengthen pathways across the University system for

⁷⁷ [2023 Hawai'i State Comprehensive Economic Development Strategy](#), 31, 44, 51.

⁷⁸ [2023 Hawai'i State Comprehensive Economic Development Strategy](#), 31.

⁷⁹ These were among the major workforce development challenges identified in the CEDS and workforce development as a whole was identified as one of the major cross-cluster challenges in Hawai'i. [2023 Hawai'i State Comprehensive Economic Development Strategy](#), 16, 30.

well-paying, quality jobs in alignment with statewide and local economic development priorities.

Promote Sustainable Development

In addition to ensuring “shared economic prosperity,” the 2023 Hawai'i State CEDS also sets a vision toward a more sustainable future and references the Hawai'i State Plan under Chapter 226-4, Hawai'i Revised Statutes which calls for “A desired physical environment, characterized by beauty, cleanliness, quiet, stable, natural systems, and uniqueness, that enhances the mental and physical well-being of the people.” The Hawai'i State Plan further frames this vision with priority guidelines and principles of sustainability under Chapter 226-108, Hawai'i Revised Statutes, noting that sustainability shall include:

- (1) Encouraging balanced economic, social, community, and environmental priorities.
- (2) Encouraging planning that respects and promotes living within the natural resources and limits of the State.
- (3) Promoting a diversified and dynamic economy.
- (4) Encouraging respect for the host culture.
- (5) Promoting decisions based on meeting the needs of the present without compromising the needs of future generations.
- (6) Considering the principles of the ahupua'a system; and
- (7) Emphasizing that everyone, including individual, families, communities, businesses, and government, has the responsibility for achieving a sustainable Hawai'i.

The HIRESA EDD will play a critical role in facilitating a balanced approach toward economic development that serves not just economic goals, but social and environmental ones as well, in order to enhance the well-being of Hawai'i's people. In working toward a shared future that embodies this vision, the HIRESA EDD will also provide opportunities to understand localized perspectives on what this vision means and how it manifests in different communities.

STATUTORY & REGULATORY BASIS

Regional Eligibility

The proposed Hawai'i Statewide Economic Development District (HISED) is eligible for designation pursuant to Title 13 Code of Federal Regulations, Section 304.1 as follows:

- **§304.1(a):** The region of Hawai'i has multiple geographic areas that qualify under the economic distress criteria set forth in Title 13 Code of Federal Regulations, Section 301.3(a)(1) and fall under the approved 2023 Hawai'i State Comprehensive Economic Development Strategy (CEDS). As demonstrated in **Table 3** and pictured in **Appendix A**, 173 unique census tracts meet the U.S. Economic Development Administration's (EDA) economic distress criteria under Title 13 Code of Federal Regulations, Section 301.3(a)(1)(i) and (ii). In addition, the ongoing economic impacts caused by recent major disasters in both Hawai'i and Maui counties (Kīlauea Volcanic Eruption [DR-4366-HI] and Hawai'i Wildfires [DR-4724-HI]) further demonstrate economic distress under Title 13 Code of Federal Regulations, Section 301.3(a)(1)(iii).⁸⁰
- **§304.1(b):** The region of Hawai'i has a population of 1.4 million people with a nominal Gross Domestic Product of \$98.2 billion in 2022. The State of Hawai'i government has an operating budget of \$18.9 billion for fiscal year 2024 and a capital improvements budget of \$2.5 billion. Organizationally, there are numerous government and non-government institutions designed to foster economic development, the former which includes the Department of Business and Economic Development, the Office of Planning and Sustainable Development (OPSD), and economic development offices attached to each of the four county governmental units. Each county additionally has an economic development board, which are private nonprofits established to facilitate partnerships between their local county government, private sector, and community-based organizations.
- **§304.1(c):** The 2023 Hawai'i State CEDS was officially approved by the EDA on August 31, 2023. The CEDS contains actionable statewide and county-specific strategies and priority actions that provide a blueprint for cooperation among Hawai'i's communities, nonprofit organizations, county and state governments, private industry, and other economic development practitioners to individually and collectively address economic hardships, vulnerabilities, and opportunities across the region. The 2023 Hawai'i State CEDS was developed, submitted, and is stewarded by OPSD, an agency of the State of Hawai'i.

⁸⁰ County-specific CEDS specifically call out certain notable geographic regions under economic distress, including Kauai County (Wainiha [Tract 401.04], Lawai [Tract 406.04], p. 30), Maui County (Hana and Molokai, p. 130, 145), and Hawai'i County (Puna, p. 28), the latter which is also referenced in the 2023 Hawai'i State CEDS (p. 75) due to continuing statewide economic distress caused by the 2018 Kīlauea Volcanic Eruption (DR-4366-HI).

- **§304.1(d):** The establishment of the HISED D has the support of the four County governmental units (Hawai'i, Honolulu, Kaaui, and Maui) and a HISED D Partnership Agreement is underway between the four County and State governments to participate on the HISED D governing body and designate OPSD as District Organization. See **Appendix C** for action letters from the (i) State of Hawai'i Department of Business, Economic Development and Tourism, whose director (or designee) will serve as Chair of the HISED D governing body, and (ii) the economic development offices of all four County governmental units comprising the HISED D. See **Appendix D** for the agreement in process.
- **§304.1(e):** See the Governor of Hawai'i's letter of concurrence with this designation request at the opening of this document.

District Organization Formation

OPSD meets the District Organization formation requirements pursuant to Title 13 Code of Federal Regulations, Section 304.2(b)(2). OPSD is a public statewide planning organization and the State's lead agency for comprehensive statewide planning and program coordination of the Hawai'i State Planning Act (Chapter 226, Hawai'i Revised Statutes), as well as strategic planning and coordination between state, county, and federal agencies, to address issues and opportunities of statewide concern. Established under Chapter 225M-2, Hawai'i Revised Statutes, OPSD shall "gather, analyze, and provide information to the governor, the legislature, and state and county agencies to assist in the overall analysis and formulation of state policies and strategies to provide central direction and cohesion in the allocation of resources and effectuation of state activities and programs and effectively address current or emerging issues and opportunities." Furthermore, OPSD is charged with the following activities:

- (1) State comprehensive planning and program coordination;
- (2) Strategic planning;
- (3) Planning coordination and cooperation;
- (4) Statewide planning and geographic information system;
- (5) Land use planning;
- (6) Coastal and ocean policy management;
- (7) Regional planning and studies;
- (8) Regional, national, and international planning;
- (9) Climate adaptation and sustainability planning and coordination;
- (10) Smart growth and transit-oriented development; and
- (11) Environmental review.

DISTRICT ORGANIZATION & OPERATING STRUCTURE

District Composition

The Hawai'i Regional Economic Stewardship and Advancement (HIRESA) EDD is comprised of the following jurisdictions:

1. County of Kaua'i
2. City and County of Honolulu
3. County of Maui
4. County of Hawai'i
5. Kalawao County⁸¹

Midway Atoll is within the geographic boundaries of the district as it is within the Northwestern Hawaiian Islands; however, Midway Atoll is not within the State of Hawai'i and will not be included in the district. Midway is an "insular area" and is United States Minor Outlying Island. Under Article IV, Section 3, Clause 2 of the U.S. Constitution, the U.S. Congress has responsibility for overseeing insular territories. In addition, Midway has a small population of approximately 40 people, primarily staff of the U.S. Fish and Wildlife Service. The size and nature of Midway's population, coupled with the differences in political jurisdiction, place Midway outside the scope of the HIRESA EDD.

District Organization

OPSD will serve as the HIRESA EDD District Organization pursuant to meeting formation requirements under Title 13 Code of Federal Regulations, Section 304.2(b)(2).

OPSD gathers, analyzes, and provides information to the Governor, the State of Hawai'i Department of Business, Economic Development and Tourism, the State legislature, and State and County government to assist in the overall analysis and formulation of state policies and strategies that guide the development of the state. In particular, OPSD's purpose is to (1) conduct a continuous process of comprehensive, long-range, and strategic planning to meet the physical, economic, and social needs and enhance the quality of life of Hawai'i's people, and (2) provide for the wise use of Hawai'i's resources in a coordinated, efficient, and economic manner, including the conservation of those natural, environmental, recreational, scenic, historic, and other limited and irreplaceable resources which are required for future generations. OPSD is charged with working cooperatively with public and private agencies and individuals, and the federal government, in fulfilling its purposes, and especially with the

⁸¹ Kalawao County, located on Kalaupapa Peninsula on Molokai Island, is the smallest county in the 50 states by area and among the smallest in terms of population with 82 residents (2002). Due to its special characteristics (see background), it is administered by the Hawai'i State Department of Health.

counties in the promotion of coordinated state and county planning. The Hawai'i State Planning Act—which is a broad policy document that sets the table for all activities, programs, and decisions made by local and state agencies—guides OPSD's activities toward these mandates.

OPSD is comprised of eight programs: the Coastal Zone Management Program, Environmental Review Program, Geographic Information Systems Program, Land Use Commission, Land Use Division, Statewide Sustainability Program, Special Plans Branch, and the Transit Oriented Development Program.

Specifically, the HIRESA EDD District Organization's activities will be conducted by OPSD's Special Plans Branch. The Special Plans Branch is tasked with carrying out OPSD's functions related to comprehensive statewide planning under the Hawai'i State Planning Act. The Special Plans Branch administers OPSD's planning grants awarded under the U.S. Economic Development Administration, including those awarded for completion of the statewide Comprehensive Economic Development Strategy (CEDS) since Hawai'i's inaugural CEDS in 2005, as well as the Statewide Planning Grant to develop an economic recovery and resilience plan based on hardships experienced and vulnerabilities observed during recent disaster events.

Governing Body

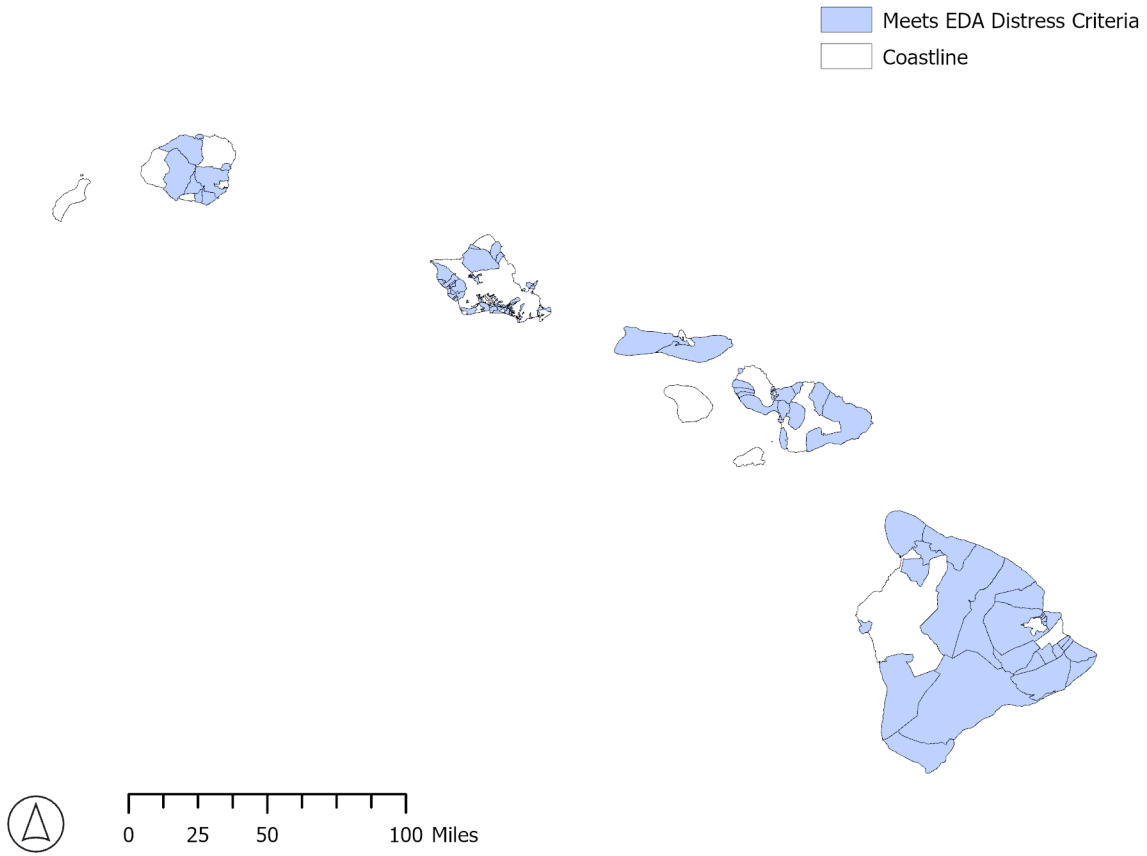
Under OPSD's statutory authority to convene and coordinate multijurisdictional activities across public and private partners, OPSD is organizing a governing body for the HIRESA EDD pursuant to Title 13 Code of Federal Regulations, Section 304.2(c). The governing body will provide guidance and direction for the activities of the HIRESA EDD based on the blueprint provided by the 2023 Hawai'i State CEDS.

The initial composition of the HIRESA EDD governing body includes:

- The Director of the State of Hawai'i Department of Business, Economic Development and Tourism or the Director's designee, who shall serve as Chair;
- The Mayor of each County or the respective Mayor's designee;
- The Executive Director of each county Economic Development Board or the respective Executive Director's designee;
- A representative of each County Workforce Development Board, who shall be designated by the Chair of the respective board; or, in the event that there is not a County Workforce Development Board, a workforce development representative who shall be designated by the respective County's Mayor;
- The President of the University of Hawai'i or the President's designee;
- A representative of a labor organization who shall be selected by the Governor; and
- The Director of the State of Hawai'i Office of Planning and Sustainable Development or the Director's designee.

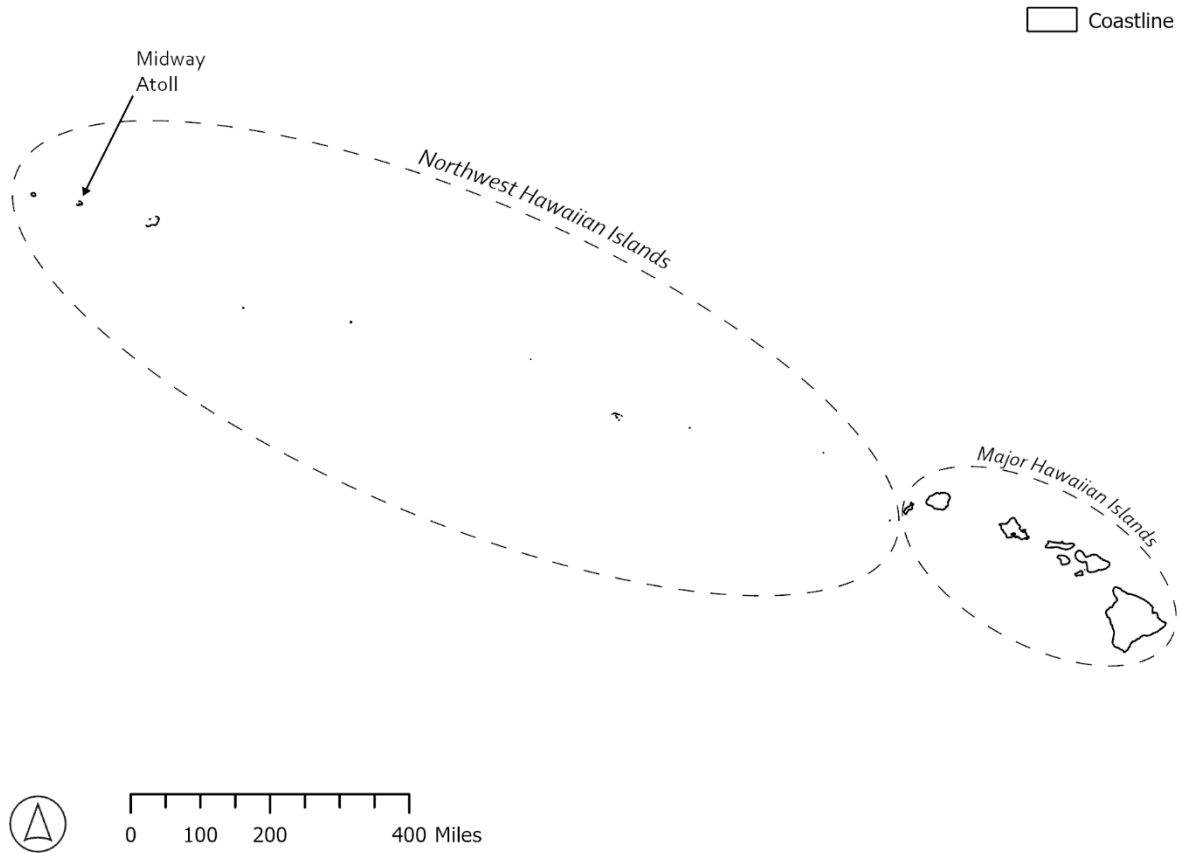
APPENDICES

Appendix A: Census Tracts Meeting EDA Criteria for Economic Distress



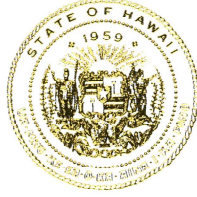
Map Source: State of Hawai'i Office of Planning and Sustainable Development, Special Plans Branch.
Data Source: StatsAmerica Measuring Distress Tract Tool. Data downloaded October 18th, 2023.

Appendix B: Geographic Overview of the Hawaiian Islands



Map Source: State of Hawai'i Office of Planning and Sustainable Development, Special Plans Branch.

[Appendix C: Action Request Letters](#)



EXECUTIVE CHAMBERS
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.
GOVERNOR
KE KIA'ĀINA

DEC 28 2023

Ms. Sheba Person-Whitley, Regional Director
Seattle Regional Office
U.S. Department of Commerce, Economic Development Administration
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174

SUBJECT: Hawai'i Statewide Economic Development District Designation Request

Aloha Ms. Person-Whitley:

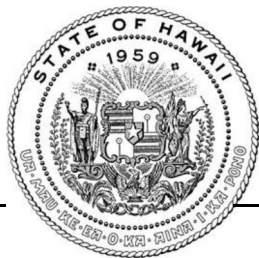
On behalf of the State of Hawai'i, I am writing to express my concurrence and strong support for the requested designation of a statewide Economic Development District (EDD). This designation would come at a time when our state needs it most – to support our economic recovery from the COVID-19 pandemic and the devastating wildfires that tragically took the lives of so many and caused significant losses of property, infrastructure, and communities.

These disasters have widespread, cascading impacts that are felt throughout our entire state. In our journey towards healing, the economy will play a vital role by ensuring that those affected have the means to support themselves and their families as they rebuild and recover, when they are ready. A statewide EDD will not only play a critical role in facilitating a comprehensive and coordinated long-term economic recovery for recent and future incidents, but also advancing our economy toward a more resilient, equitable, sustainable, and prosperous future.

I urge you to grant this request as expeditiously as possible and thank you for your consideration.

Mahalo,

Josh Green, M.D.
Governor, State of Hawai'i



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**
KA 'OIHANA HO'OMOHALA PĀ'OIHANA, 'IMI WAIWAI
A HO'OMĀKA'IKAI

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

JAMES KUNANE TOKIOKA
DIRECTOR

DANE K. WICKER
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: dbedt.hawaii.gov

Telephone: (808) 586-2355
Fax: (808) 586-2377

DTS: 202312201140PR

December 20, 2023

Ms. Sheba Person-Whitley, Regional Director
U.S. Department of Commerce
Economic Development Administration
Seattle Regional Office
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174

Attn: Chris Cox, Administrative Director

Dear Regional Director Person-Whitley:

Subject: Economic Development District Designation Request

As Director of the State of Hawai'i Department of Business, Economic Development and Tourism (DBEDT), I am presumptive Chair for the governing body of the proposed Economic Development District (EDD). By way of this letter, **I hereby request designation by the U.S. Economic Development Administration (EDA) of the region encompassing the State of Hawai'i as an EDD.**

Designating this region as an EDD will promote the well-being of Hawai'i's people and support DBEDT's mission of "achieving a Hawai'i economy that embraces innovation and is globally competitive, dynamic and productive, providing opportunities for all Hawai'i's citizens." This EDD will establish a crucial and enduring framework for sustained collaboration between the private and public sectors, non-profit community, workforce development boards, institutions of higher education, labor groups, and local communities to support economic development planning and coordination in the region. The region also stands to benefit from increased project eligibility and access to EDA funds – Hawai'i is a deeply interconnected place and projects located outside of economically distressed areas often directly benefit economically distressed communities.

Pursuant to Title 13 Code of Federal Regulations, Section 304.2, the Office of Planning and Sustainable Development (OPSD)—a State agency administratively attached to

Ms. Sheba Person-Whitley

December 20, 2023

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DBEDT—is a “multi-jurisdictional area-wide [statewide] planning organization” established under Chapter 225M-2, Hawai‘i Revised Statutes, and therefore possesses the requisite statutory authority to serve as the District Organization. OPSD is charged with statewide comprehensive, long-range, and strategic planning to meet the physical, economic, and social needs and enhance the quality of life of Hawai‘i’s people, while working cooperatively with public and private agencies, individuals, and the county and federal governments in this mission. Furthermore, OPSD oversees development of the statewide Comprehensive Economic Development Strategy and is well-positioned to facilitate its implementation as the District Organization.

Mahalo for your consideration of this request.

Sincerely,

A handwritten signature in blue ink, appearing to read "James Kunane Tokioka".

James Kunane Tokioka
DBEDT Director

May 1, 2023

Page 2

organizations, county and State governments, private industry, and other economic development practitioners, toward Hawai'i's desired and shared economic future.

Mahalo for your consideration.

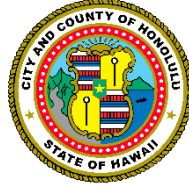
Very Respectfully,

Douglass S. Adams
DIRECTOR

**OFFICE OF ECONOMIC REVITALIZATION
KE KE'ENA HO'OMOHALA WAIWAI
CITY AND COUNTY OF HONOLULU**

711 Kapi'olani Boulevard, FLOOR 12 • HONOLULU, HAWAII 96813
PHONE: (808) 768-5764 • FAX: (808) 768-4242 • WEBSITE: revitalizeoahu.org

RICK BLANGIARDI
MAYOR
MEIA



AMY ASSELBAYE
EXECUTIVE DIRECTOR
PO'O HO'OKO

KYMBERLY SPARLIN
DEPUTY DIRECTOR
HOPE PO'O

November 8, 2023

Ms. Sheba Person-Whitley, Regional Director
U.S. Department of Commerce
Economic Development Administration
Seattle Regional Office
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174

Attn: Chris Cox, Administrative Director

Dear Regional Director Person-Whitley,

I'm writing in **strong support** of the requested Economic Development District (EDD) designation for the State of Hawai'i submitted by the State of Hawai'i Office of Planning & Sustainable Development.

Nationally, between 2010 and 2019 more than 78% of EDA grants and 73% of total project investment went to areas covered by an EDD, while only 52% of the population live in EDD-designated regions. Per capita, EDD regions received more than three times the amount of EDA investment than non-EDD areas. This contrast is likely attributed at least in part to the increased eligibility of projects within an EDD region but whose specific geographic location does not meet EDA economic distress criteria.


Hawai'i is comprised of four counties that are among the most economically interconnected in the country due to our islands being the most isolated population center on Earth. Hawai'i's counties have collaborated in the spirit of an EDD well before the inaugural statewide Comprehensive Economic Development Strategy in 2005, yet Hawai'i does not have any designated EDDs. We are confident that the intent of the EDA is to positively impact the economic status of these communities. Unfortunately, Hawai'i projects providing a substantial direct benefit to economically distressed communities may have been disadvantaged because they did not meet EDA's economic distress criteria.

A statewide EDD designation is critical for the City and County of Honolulu as it will increase the opportunity and eligibility for EDA funding here. It will also provide the capacity for continuous engagement and coordination among our communities, nonprofit organizations, government, private industry, and other economic development

practitioners, toward Hawai'i's shared economic future.

Mahalo for your time and consideration.

Aloha,

 Digitally signed by
Asselbayer, Amy
Date: 2023.11.08 17:34:48
-10'00'

Amy Asselbayer
Executive Director
City and County of Honolulu
Office of Economic Revitalization

cc: Mary Alice Evans, Interim Director, State of Hawai'i Office of Planning & Sustainable Development

OFFICE OF THE MAYOR

DEREK S.K. KAWAKAMI, MAYOR
REIKO MATSUYAMA, MANAGING DIRECTOR



November 29, 2023

Ms. Sheba Person-Whitley, Regional Director
U.S. Department of Commerce
Economic Development Administration
Seattle Regional Office
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174

Attn: Chris Cox, Administrative Director

Dear Regional Director Person-Whitley,

I am writing in **strong support** of the requested Economic Development District (EDD) designation for the State of Hawai'i submitted by the State of Hawai'i Office of Planning & Sustainable Development (OPSD).

Between 2010 and 2019, more than 78 percent of EDA grants and 73 percent of total project investment went to areas covered by an EDD, while only 52 percent of the population live in EDD-designated regions. Per capita, EDD regions received more than three times the amount of EDA investment received by non-EDD areas. This contrast is likely attributed at least in part to the increased eligibility of projects within an EDD region but whose specific geographic location does not meet EDA economic distress criteria.

Hawai'i comprises of four counties that are among the most economically interconnected in the country due to it being the most isolated population center on Earth. Hawai'i's counties have collaborated in the spirit of an EDD well before the inaugural statewide CEDS in 2005, yet the state of Hawai'i remains one of few remaining states that do not have any designated EDDs. This has no doubt disadvantaged our state because projects that would have provided a substantial direct benefit to economically distressed communities but were not located within an area meeting economic distress criteria, were ineligible for EDA funding.

A statewide EDD designation will not only increase the eligibility of projects located in Kaua'i County for EDA funding; it will also provide the necessary persistent capacity for continuous engagement and coordination among our communities, nonprofit organizations, county and State governments, private industry, and other economic development practitioners, toward Hawai'i's desired and shared economic future.

Mahalo for your consideration.

Aloha,

Derek S.K. Kawakami
Mayor

RICHARD T. BISSEN, JR.
Mayor

KEKUNAHUPIO R. AKANA
Managing Director

LUANA MAHI
Director



OFFICE OF ECONOMIC DEVELOPMENT

COUNTY OF MAUI
2200 MAIN STREET
ONE MAIN PLAZA, SUITE 305
WAILUKU, MAUI, HAWAII 96793
www.mauicounty.gov

December 26, 2023

Ms. Sheba Person-Whitley, Regional Director
U.S. Department of Commerce
Economic Development Administration
Seattle Regional Office
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174

Attn: Chris Cox, Administrative Director

Dear Regional Director Person-Whitley,

I'm writing in **strong support** of the requested Economic Development District (EDD) designation for the State of Hawai'i submitted by the State of Hawai'i Office of Planning & Sustainable Development (OPSD).

Between 2010 and 2019, more than 78 percent of EDA grants and 73 percent of total project investment went to areas covered by an EDD, while only 52 percent of the population live in EDD-designated regions. Per capita, EDD regions received more than three times the amount of EDA investment received by non-EDD areas. This contrast is likely attributed at least in part to the increased eligibility of projects within an EDD region but whose specific geographic location does not meet EDA economic distress criteria.

Hawai'i comprises of four counties that are among the most economically interconnected in the country due to it being the most isolated population center on Earth. Hawai'i's counties have collaborated in the spirit of an EDD well before the inaugural statewide CEDS in 2005, yet the state of Hawai'i remains one of few remaining states that do not have any designated EDDs. This has no doubt disadvantaged our state because projects that would have provided a substantial direct benefit to economically distressed communities but were not located within an area meeting economic distress criteria, were ineligible for EDA funding.

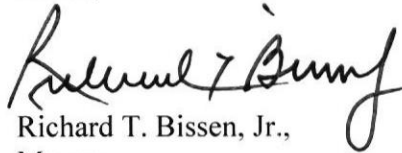
December 26, 2023

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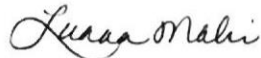
A statewide EDD designation will not only increase the eligibility of projects located in [x] County for EDA funding; it will also provide the necessary persistent capacity for continuous engagement and coordination among our communities, nonprofit organizations, county and State governments, private industry, and other economic development practitioners, toward Hawai'i's desired and shared economic future.

Mahalo for your consideration.

Aloha,

A handwritten signature in black ink, appearing to read "Richard T. Bissen, Jr.", written in a cursive style.

Richard T. Bissen, Jr.,
Mayor
County of Maui

A handwritten signature in black ink, appearing to read "Luana Mahi", written in a cursive style.

Luana Mahi,
Director
Office of Economic Development