

Column: Tap nonprofits for affordable housing

By Xan Avendaño and Heather Piper • Feb. 25, 2024

We all know Hawaii has a housing problem, making it harder than ever for so many to afford living here. Yet amid debates about addressing the state's housing crisis, an important player in developing affordable housing at scale — identified by the Hawaii Legislature over 30 years ago — is still regularly overlooked: nonprofit developers.

Most of Hawaii's housing is developed by for-profit entities. We see these projects daily, rising sky-high in places like Kakaako. Although a few for-profit developers do exclusively create affordable housing, most build with market-rate units and higher-income residents in mind. And while for-profit projects may be affordable or include mandated units at affordable rates, these could convert to full-market price once the period required by federal or local law is over.

We need housing at all income levels in Hawaii, so these projects are important. But they cannot be the end-all, be-all solution. Gov. Josh Green's Affordable Housing Emergency Proclamation creates an opportunity to address the housing crisis by bolstering nonprofit development that could help keep housing affordable for generations, across income ranges.

Nonprofit developers function similarly to for-profit developers, with three key differences.

First, they focus on keeping housing permanently affordable, rather than profit. Good nonprofits often own and operate their buildings in perpetuity, maintaining and investing in them — and preserving affordable rents beyond federal or local mandates.

Second, nonprofit developers tend to have a mission related to community development, enabling them to build in ways that reflect local culture, place and people.

Third, they provide necessary services — directly or through another nonprofit — that help people remain housed and meet their goals.

This model of housing development has a proven record of success. For example, Ola Ka 'Ilima Artspace Lofts in Kakaako is a beautiful, 84-unit mixed-use complex designed to support individuals at risk of being unhoused, with commercial space for local artists and businesses. HOPE Services Hawaii's Sacred Hearts Village, which prioritizes residences for older adults without housing in Pahoa on Hawaii island, has inspired the surrounding community to see it as a place of pride where anyone's kupuna might live. Hilo's Mohouli Heights offers housing for seniors, along with adult day care and other activities, in a practical space that fosters aging with dignity and strong social connections.

These examples illustrate the diversity of Hawaii residents who need affordable housing. From urban to rural, keiki to kupuna, lower income to upper middle class, the lack of such housing is a systemic issue that affects a substantial portion of our population directly, and indirectly touches us all by determining who can live here and, by extension, the makeup of our communities. Leaning into nonprofit housing development is more important than ever to create sustainable living situations and communities.

To this end, nonprofit developers need resources, support and trust to have a true impact in addressing Hawaii's housing crisis. This idea is not new, but it is even more important today for counties to increase investment in nonprofit affordable housing developers and prioritize their growth. Private funders, including philanthropy, can also provide financing to support and strengthen nonprofit developers so they can purchase more property and develop housing that reflects community needs.

And as community members, we can participate in neighborhood boards and efforts like Hawaii Housing Affordability Coalition to discover who is building housing and how to support permanently affordable options.

By investing more in Hawaii's nonprofit housing sector, we can create affordable spaces where we all can see ourselves thriving for generations to come.

Xan Avendaño is program officer for The Harry and Jeanette Weinberg Foundation; Heather Piper is executive director of the Hawaii Community Reinvestment Corp.
