

Housing Affordability in Hawaii: Why Island-Specific Policy Frameworks Are Required

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EXECUTIVE SUMMARY

Hawaii residents face the highest housing costs in the nation. The 2026 Hawaii Housing Factbook confirms median home prices exceeding \$900,000 statewide — a structural condition that is driving population loss, law enforcement staffing collapse, healthcare workforce attrition, and the erosion of the middle-class community fabric that sustains island civic life. This policy brief argues that Hawaii's housing crisis is not primarily a zoning or permitting problem — it is an island supply chain problem compounded by geographic constraints that continental housing policy frameworks were not designed to address. ISPI's analysis identifies the specific policy mechanisms most likely to produce measurable improvement in Hawaii's island-specific housing environment.

KEY FINDINGS

- Hawaii's median home price exceeds \$900,000 statewide — the highest in the nation — creating a real compensation disadvantage that drives workforce attrition across public safety, healthcare, and education sectors.
- HPD operates at approximately 80% of authorized strength — a documented consequence of housing cost driving lateral transfers to mainland departments where \$75K salaries provide materially higher purchasing power than \$85K in Hawaii.
- Infrastructure costs add 30% or more to the cost of new housing in Hawaii — the single largest structural barrier to supply expansion identified in 2026 legislative testimony.
- The November 2026 RISE bonds ballot measure would authorize counties to issue resilient infrastructure for shelter and equity bonds — a structural reform that could reduce per-unit infrastructure cost by \$200,000 or more.
- Continental housing policy frameworks — including federal low-income housing tax credit allocation formulas — systematically underallocate resources to Hawaii because they do not account for island cost-of-living premiums.

The Island Housing Crisis Is a Structural Problem, Not a Policy Failure

Hawaii's housing affordability crisis has persisted across four decades of legislative sessions, multiple governors, and dozens of reform initiatives. The standard policy response — zoning reform, permitting streamlining, tax credit expansion — has produced incremental progress against a structural problem that incremental measures cannot solve.

The structural problem is this: Hawaii is an island. Every component of housing construction — materials, equipment, labor — arrives by ship or air, at costs that reflect geographic isolation from the continental supply chains that make housing construction cheaper on the mainland. The infrastructure that new housing requires — roads, water, sewer, utilities — must be built on land that is finite, geologically complex, and in many cases environmentally constrained in ways that continental subdivisions are not.

These are not political failures. They are island conditions. Policy that does not account for them will continue to produce the results Hawaii has seen for four decades: incremental progress insufficient to close the gap between housing supply and demand.

The Workforce Retention Cascade

ISPI's research identifies housing cost as the primary driver of Hawaii's public safety workforce crisis — a finding with implications that extend far beyond law enforcement.

A mid-career Honolulu police officer earning \$85,000 annually faces median home prices exceeding \$900,000 and average one-bedroom rents exceeding \$2,200 per month. A comparable mainland officer earning \$75,000 faces median home prices of \$350,000 and rents of \$1,200. The island officer is materially poorer despite the nominally higher salary.

This dynamic applies with equal force to Hawaii's healthcare workforce, its public school teachers, its social workers, its emergency management professionals, and its government analysts. The housing cost problem is not a quality-of-life inconvenience — it is the mechanism through which Hawaii is systematically losing the experienced professional workforce that every essential public service depends on.

Policy Mechanisms With the Strongest Evidence Base

Government-Funded Infrastructure Investment

The 2026 RISE bonds constitutional amendment would authorize counties to issue bonds for housing infrastructure costs — reducing per-unit costs by \$200,000 or more and enabling housing development that the current infrastructure-cost model makes financially impossible. The evidence base for infrastructure investment as a housing supply driver is strong and consistent across comparable high-cost jurisdictions.

Workforce Housing Programs for Essential Services

Hawaii's teacher housing assistance program — providing below-market mortgages and down payment assistance for educators — offers the model for extension to law enforcement, healthcare, and emergency management workforces. ISPI's law enforcement workforce research identifies housing assistance as the

single intervention with the strongest retention evidence base for Hawaii public safety personnel.

Island-Calibrated Federal Formula Reform

Federal housing program allocation formulas — LIHTC, CDBG, HOME — calculate Hawaii's allocation based on population rather than cost-of-living adjusted need. Hawaii receives the same nominal dollar allocation as mainland states with dramatically lower construction and land costs — meaning Hawaii's federal housing investment purchases far less housing per dollar than equivalent mainland allocations. Formula reform to account for island cost-of-living premiums is the highest-leverage federal policy change available for Hawaii housing.

POLICY RECOMMENDATIONS

- 1.** Advocate for passage of the November 2026 RISE bonds constitutional amendment to reduce per-unit housing infrastructure costs by \$200,000 or more through county bond issuance.
- 2.** Extend Hawaii's teacher housing assistance program to law enforcement, emergency management, healthcare, and other essential service workforces experiencing housing-cost-driven attrition.
- 3.** Commission independent research quantifying the real compensation disadvantage driving workforce attrition across Hawaii's essential service sectors — establishing the evidentiary basis for federal formula reform.
- 4.** Pursue federal housing formula reform to account for Hawaii's island cost-of-living premium — correcting the systematic underfunding that makes Hawaii's federal housing investment purchase less housing per dollar than any comparable mainland allocation.
- 5.** Establish an Island Housing Policy Research Program within the Hawaii State Office of Planning to develop and maintain Hawaii-specific housing policy frameworks rather than adapting continental models.