The Role of Nonprofit Housing Developers in Addressing the Affordable Housing Crisis: A Case Study of Linc Housing

Joshua Broadhead
California Polytechnic State University
San Luis Obispo, California

Nonprofit housing developers are playing a critical role in addressing the affordable housing crisis in society. However, they face significant challenges in the current housing landscape. To explore this topic, this project takes a case study approach, using Linc Housing as the primary case study to examine the impact of nonprofit housing developers on the affordable housing crisis and the challenges they face. The project involves a literature review to identify the impact nonprofits can have, key issues, and challenges faced by nonprofit housing developers in the current housing landscape. Additionally, data is collected on Linc Housing's affordable housing development projects, including funding, and community engagement strategies. The analysis of the case study and data collection findings provides insights into the impact of nonprofit housing developers on the affordable housing crisis and the challenges and opportunities they face. The findings of the project suggest that nonprofit housing developers like Linc Housing play a critical role in addressing the affordable housing crisis, especially for low-income communities. However, they face challenges such as financing, zoning regulations, and community opposition. The project recommends improving strategies such as public-private partnerships, creative financing mechanisms, and community engagement strategies. By using Linc Housing as a case study, it provides practical recommendations for improving nonprofit housing development strategies and contributes to the existing literature on affordable housing and nonprofit housing developers.

Key Words: Affordable Housing, Nonprofit, Housing Crisis, Low Income, Linc Housing

Introduction

California’s affordable housing crisis has become an increasingly pressing issue for the state. With rising housing costs and limited availability of affordable housing options, many low-income families are struggling to find stable and secure housing. Nonprofit housing developers have emerged as critical players in addressing this crisis, with organizations like Linc Housing leading the way in developing affordable housing options for those in need. Through a comprehensive analysis of Linc Housing's affordable housing development projects, including their impact on the communities they serve, like providing affordable housing and social services, the challenges faced by nonprofit housing developers in the current housing landscape, this project will provide valuable insights into the important work of nonprofit housing developers in addressing the affordable housing crisis. Understanding the benefits these companies can have, as well as the challenges faced by these organizations is essential to developing effective strategies for addressing the housing crisis which negatively impacts many people.

Literary Review

Affordable Housing Crisis in California

California is currently facing a significant affordable housing crisis, with many low-income families struggling to find affordable housing options (The Gap, 2023). The state has a shortage of nearly one million low-income rental homes for its residents (The Gap, 2023). This crisis has been driven by several factors, including rising housing costs, limited availability of affordable housing, and a lack of investment in affordable housing development (California Budget & Policy Center, 2023). As a result, many low-income families are forced to spend a disproportionate amount of their income on housing, leaving them with little money for other essential expenses. More than 9.2 million extremely low-income renters, 5.2 million very low-income renters, and 4 million low-income
renters are cost-burdened, meaning they spend over 30% of their income on rent and utilities (The Gap 2023).

The history of affordable housing in California is complex and spans several decades. In the early 20th century, California experienced a housing boom that saw the construction of many single-family homes and apartment buildings. However, as housing costs began to rise, many low-income families were priced out of the market. In response, the state government began investing in public housing projects, and in the 1960s and 1970s, the federal government launched several programs to support affordable housing development, including the Section 8 program, which provides rental assistance to low-income families (National Low Income Housing Coalition, 2015). These programs helped to spur the development of affordable housing in California and across the country.

However, in the 1980s and 1990s, the federal government began to cut funding for affordable housing programs and withdrew from the role of providing social services, leaving many low-income families without access to affordable housing options (Ballard, 2003). As a result, California began to invest more heavily in affordable housing development through state-funded programs, such as the Low-Income Housing Tax Credit program, which provides tax credits to developers who build affordable housing units (National Low Income Housing Coalition, 2015).

Despite these efforts, the affordable housing crisis in California has continued to worsen in recent years, driven by rising housing costs and limited availability of affordable housing units. Addressing this crisis will require continued investment in affordable housing development and innovative approaches to expanding access to affordable housing options for all Californians.

**Difference Between For-Profit and Nonprofit Developers**

Nonprofit developers differ from for-profit developers in their mission and financial structure. Nonprofit developers prioritize community impact over profit. However, nonprofits are still allowed to make a profit, but any excess revenue is reinvested into the nonprofit's mission. In contrast, for-profit developers are primarily motivated by profit and may prioritize higher-end housing developments that are less accessible to low-income residents (Leachman, 1997). Nonprofit developers also often rely on government subsidies, grants, and tax incentives to fund their projects, whereas for-profit developers rely on private investors and traditional financing methods (Bratt, 2008).

Research has shown that nonprofit housing developments tend to positively impact communities, including improved health outcomes, reduced homelessness, and increased economic stability (Schwartz et al., 2005).

Additionally, nonprofit developers may have better track records for maintaining affordable housing over the long term, as they prioritize community benefit over profit margins (Bratt, 2008). Overall, the main differences between a non-profit developer and a for-profit developer are their organization's missions and financial structures. Compared to for-profit developers, nonprofits focus on community impact and long-term affordability, making them important players in addressing the affordable housing crisis.

**Nonprofit Developers' Role in Affordable Housing**

Nonprofit developers are essential in addressing the affordable housing crisis in our society. They are committed to providing safe, decent, and affordable housing for low-income families and individuals, and their mission is to serve the community, rather than generate profit. Nonprofit developers are willing to serve low-income tenants and develop projects that for-profit developers are financially afraid to take on (O'Regan & Quigley, 2000). This makes nonprofit developers ideal for building affordable housing because they always prioritize the community over the profit. According to a report by the National Low Income Housing Coalition, nonprofit developers have developed more than 2 million affordable homes across the United States since 1985 and provided homes for 4.4 million low-income households in total (National Low Income Housing Coalition, 2015). Not only do nonprofit developers construct homes, but they also serve as community leaders and advocates. Nonprofits have a distinctly local focus, which is demonstrated through their inclusion of resident representation on governing boards and their missions that target a limited geographic area (O’Regan & Quigley, 2000). This means nonprofit developers not only construct affordable homes for the community, but they construct affordable homes that are tailored to the occupants’ unique needs. The role of nonprofit developers in affordable housing is increasingly important as the cost of housing continues to rise, making it difficult for low-income households to secure safe and affordable housing.
Impact of Nonprofit Developers

Nonprofit housing developers have emerged as crucial actors in addressing the affordable housing crisis, bringing a range of benefits to communities. Research has consistently highlighted the positive impact of nonprofit developers in increasing access to affordable housing, revitalizing neighborhoods, and promoting economic development (Leachman, 1997).

Compared to for-profit developers, nonprofit organizations have been found to prioritize long-term affordability and invest more in resident services and community engagement (Bratt, 2008). Their commitment to serving low-income individuals and families goes beyond providing housing. Nonprofit developers often adopt a "housing plus" approach, where they integrate services provided by trained staff into their affordable housing developments, rather than relying solely on property management (Bratt, 2008). These services may include job training, educational programs, health clinics, childcare facilities, and mental health and well-being support.

Additionally, nonprofit developers often collaborate with local stakeholders, community organizations, and government agencies to align their efforts with broader community initiatives. This collaborative approach fosters a sense of ownership and collective responsibility, empowering residents and promoting community self-determination. By involving community members in decision-making processes and engaging them in the development and management of affordable housing projects, nonprofit developers strengthen community bonds and contribute to social capital formation.

The positive impact of nonprofit developers extends beyond the immediate provision of affordable housing. Their investments in resident services, community engagement, and long-term affordability create a ripple effect that benefits the larger community. Revitalized neighborhoods attract businesses, increase property values, and promote economic growth (Leachman, 1997). By creating stable and thriving communities, nonprofit housing developers lay the foundation for sustainable economic development, ensuring that residents have access to essential services, employment opportunities, and a higher quality of life.

Challenges and Advantages of Nonprofit Developers

Nonprofit housing developers face a variety of challenges and opportunities in the current housing landscape. Funding constraints are a significant challenge for nonprofit housing developers, as they typically rely on a mix of private and public financing to build and maintain affordable housing (Leachman, 1997). However, these partnerships can also come with certain demands and expectations, such as a focus on profitability and returns on investment, which may conflict with the nonprofit's social and mission-driven goals (Leachman, 1997). In addition, regulatory barriers such as zoning restrictions and lengthy permitting processes can also hinder the ability of nonprofit housing developers to create new affordable housing units (The Gap, 2023). To add to these many challenges faced in the development of affordable housing, nonprofit developers also confront negative perceptions and opposition from some community members. There is a prevailing stigma associated with affordable housing that often leads to resistance against its development in certain neighborhoods. This opposition stems from misconceptions and biases, with some citizens holding the belief that individuals who require affordable housing are inherently self-destructive or undesirable as neighbors.

Despite these challenges, nonprofit housing developers have a crucial role to play in addressing the affordable housing crisis and possess a multitude of advantages to help this crisis. As stated, studies have shown that nonprofit housing developments can increase access to affordable housing, improve the quality of housing stock, and promote economic development in low-income areas (Leachman, 1997). Nonprofit housing developers also have the ability to engage with residents and community stakeholders to ensure that their developments meet the needs of the local community (Leachman, 1997). In addition, recent policy changes and initiatives at the federal, state, and local levels have created new opportunities for nonprofit housing developers. For example, the Biden administration's proposed American Jobs Plan includes significant investments in affordable housing and community development pledging to produce, preserve, and retrofit more than 2 million affordable housing units (The White House, 2021). From this plan, there will be $20 billion worth of Neighborhood Homes Investment Act tax credits over the next five years to use to develop and rehabilitate 500,000 homes.
Overall, nonprofit housing developers face a complex set of challenges and opportunities in the current housing landscape. Despite funding constraints and regulatory barriers, these organizations have continued to make a significant impact on the affordable housing crisis and promote community revitalization.

**Methodology**

The methodology for the research was mostly qualitative, with the objective of this research is to analyze and evaluate the strategies, impact, and challenges of Linc Housing, a nonprofit organization in Long Beach, California. Relevant information was gathered from scholarly articles to provide a broader context and understanding of the nonprofit sector. The primary sources for the case study were an interview with the CEO of Linc Housing, information from Linc Housing's website, reports, newsletters, and the company’s yearly Impact report. After my data collection was completed, I was then able to review and interpret the information obtained from Linc Housing's website, reports, newsletters, and scholarly articles to identify and analyze the organization's strategies, assess the impact of their projects and initiatives, and evaluate the challenges faced by Linc Housing. With this, it was qualitatively measured how Linc Housing is performing and how they have overcome the difficulties that have arisen in the company’s industry. It is important to acknowledge that this research focuses solely on Linc Housing, which may introduce bias and limit the generalizability of findings to the broader Southern California area. Additionally, the data collection relied on the availability and accuracy of information provided by Linc Housing, which may influence the results.

**Case Study**

Linc Housing is a nonprofit developer based in Long Beach, California, dedicated to creating affordable housing opportunities. Since 1984, the company has been serving individuals, families, seniors, and individuals with special needs. Working closely with local governments, community organizations, and financial institutions, Linc housing develops, acquires, and manages housing projects that address the diverse affordable housing needs of their communities. The company believes in building inclusive communities where affordable housing is a catalyst for empowerment and belonging. In addition to providing safe and affordable homes, the company offers supportive services such as educational programs and community events to enhance residents' quality of life. With more than 9,000 affordable apartments, including more than 700 supportive housing units developed, Linc Housing has an impressive track record of being a successful nonprofit developer.

*Linc Housing’s Impact*

Linc Housing has been instrumental in addressing the critical issue of affordable housing. Through their dedicated efforts, Linc Housing has made a substantial impact on individuals, families, and communities, creating positive change in multiple spheres. From providing affordable housing to offering supportive services and advocating for policy changes, Linc Housing's multifaceted approach has transformed lives and contributed to the well-being of communities.

Linc Housing has made a significant positive impact on communities throughout California through its commitment to affordable housing development as seen through the company’s 2022 Impact Report. As of 2022, Linc Housing has developed an impressive 91 properties, resulting in the creation of over 9,000 apartments. This remarkable achievement has provided housing opportunities to more than 13,500 residents, helping to address the pressing need for affordable homes in the state (Linc Housing, 2023b). Furthermore, Linc Housing's dedication to expanding access to affordable housing is evident in its substantial investment, with over $1 billion of real estate development underway between 2021 and 2022. This commitment is reflected in the 764 apartments currently under construction and an additional 1,500 apartments in the pipeline, ensuring that even more individuals and families will benefit from Linc Housing's efforts in the near future (Linc Housing, 2023b). These statistics underscore the significant impact Linc Housing has made and continues to make in California communities by creating affordable housing options and helping thousands of residents secure safe and stable homes.
In addition to developing affordable housing units, Linc Housing goes beyond bricks and mortar by offering a range of supportive services and programs tailored to the unique needs of their residents. 15 of Linc Housing’s properties offer intensive case management services. These case managers are provided to partner with residents and help connect them with the resources they need to try and help their success. Linc also provides many other programs to help their residents succeed. One of these programs is called “Welcome Home.” This program provides bedding, housewares, food, and toiletries to the company’s new residents transitioning out of homelessness which greatly helps these individuals with a more comfortable transition. Also, Linc Housing has a food distribution program which, annually, provides 9,659 food boxes and hot meals, serving 4,290 individuals (Linc Housing, 2023b). Not only does the company provide these two programs, but they go even further, providing services at their properties like afterschool and summer programs as well as one-to-one tutoring, adult education such as financial empowerment, health and wellness initiatives such as health education workshops, and community events like game nights and holiday celebrations (Linc Housing, 2023b). By holistically supporting their residents, Linc Housing promotes empowerment, enhances quality of life, and fosters a sense of community within their housing developments. This comprehensive approach recognizes that affordable housing is not just about physical shelter but also about providing the resources and opportunities necessary for individuals and families to thrive.

Furthermore, Linc Housing actively engages in advocacy efforts to shape policy changes that benefit affordable housing initiatives. By collaborating with local governments, community organizations, and other stakeholders, they work towards creating a more supportive environment for affordable housing development. Their advocacy efforts seek to increase funding, improve regulations, and promote equitable housing policies that address systemic challenges and remove barriers to affordable housing access.

Linc Housing has positively transformed lives and contributed to the overall well-being of communities. By providing affordable housing options and understanding to be successful they must go beyond the brick-and-mortar construction and offer supportive services, and advocating for policy changes, they have not only improved housing outcomes but have also helped to create vibrant, inclusive, and sustainable communities where individuals and families can thrive. The impact of Linc Housing shows the critical importance of nonprofit affordable housing developers and can set an example for more companies to follow.

Challenges Faced

Linc Housing has faced various challenges in their pursuit of developing and maintaining affordable housing for low-income individuals and families. These challenges stem from funding constraints, regulatory barriers, and community dynamics.

One of the primary challenges for Linc Housing is securing sufficient funding for their affordable housing projects. As a nonprofit developer, they heavily rely on a mix of public and private financing sources, grants, and tax incentives. This is a complex and long process because they must “line up multiple subsidy and funding sources” in order to meet the required funding for a project (Bratt, 2008). For example, on linc housing’s Seasons at Compton 84-unit affordable housing property, the funding came from ten different sources, these being first mortgage from Bank of America, 9% LIHTC-TCAC National Equity Fund, ARRA Section 1602 Funds, L.A. County HOME Funds, Infill Infrastructure Grant from California, Federal Home Loan Bank of San Francisco’s Affordable Housing Program, Federal Home Loan Bank Affordable Housing Program, L.A. County Fee Waiver, HOME Funds from the City of Compton, and private grants from The Weigang Foundation, The Home Depot Foundation, California Community Foundation, and Enterprise Green Communities (Linc Housing, 2022). Securing funding for a nonprofit developer’s project can be difficult and complex, especially when having to deal with stacking up to ten different funding sources for a single project. However, Linc Housing has not let this stop them and is still able to efficiently construct many affordable housing units as seen by the company’s impact report. LINC Housing has had to navigate this challenging funding landscape by seeking innovative financing models, pursuing partnerships, and competing for limited resources.

Regulatory barriers pose another significant challenge. Zoning restrictions, available land, permitting processes, and compliance with building codes can create delays and increase costs, making it challenging to deliver
projects in a timely and cost-effective manner. Restrictions in Los Angeles County govern how land and properties can be used, determining the type of development allowed in different areas. The process of locating land that meets zoning requirements, aligns with a city's general plan, and is financially viable can be incredibly challenging, as said by Linc Housing, it’s like finding a needle in a haystack due to the numerous factors involved. Not only does the city government determine where properties can be developed but the areas citizens also have a say. Community resistance can present an obstacle to the development of affordable housing projects. NIMBY (Not In My Backyard) sentiments, fueled by misconceptions and stigma surrounding affordable housing, can lead to opposition from local residents and community groups. Linc Housing has had many affordable housing projects stopped because of community resistance. Even when they begin construction for a project they experience issues with community members picketing and protesting their job sites. Linc Housing has faced challenges in navigating these dynamics, addressing concerns, and building support for their projects.

Developing affordable housing at scale is also a challenging task. The need for affordable housing far exceeds the available resources and it continues to get worse. Scaling up operations while maintaining quality and affordability requires a vast number of resources as well as strategic planning, partnerships, and resource mobilization. Being a nonprofit, Linc housing does not have the endless number of resources many private developers seem to have. The company must calculate their future and mitigate as many potential challenges as possible they may face.

In response to these challenges, Linc Housing has demonstrated resilience and adaptability. They actively pursue partnerships with government agencies, financial institutions, and community organizations to leverage resources and expertise. Linc Housing also collaborates with policymakers to advocate for supportive policies and regulations that facilitate the development of affordable housing. By addressing these challenges head-on, Linc Housing continues to make significant strides in their mission to provide safe and affordable housing for low-income individuals and families.

**Strategies Implemented to be Successful**

Linc Housing has implemented a range of strategies to achieve success in their affordable housing projects. These strategies encompass collaboration, staffing, innovative financing models, and a commitment to community engagement. By leveraging partnerships and adopting creative approaches, Linc Housing has been able to overcome obstacles, manage their three Rs which are risk, reputation, and revenue, and make a significant impact on the affordable housing crisis.

Linc Housing recognizes the importance of collaboration and actively seeks partnerships and support with government agencies, community organizations, and financial institutions. This helps them to uphold a good working reputation with other businesses in the area. A few of the organizations the organization was able to establish relationships with are Wells Fargo, CVS Health, Netflix, U.S. bank, as well as many property management and construction management organizations (Linc Housing, 2023a). By forging these relationships, Linc Housing is able to leverage resources, expertise, and funding to support their affordable housing projects. They work closely with local municipalities and developers to identify suitable development sites, navigate regulatory processes, and secure necessary permits. Additionally, Linc Housing collaborates with community organizations as well as the future buildings residents to address specific needs and ensure that their housing developments align with the unique requirements. As Linc Housing states on its company website, “each Linc community is unique to its neighborhood and the residents who call it home.” (Linc Housing, 2023a).

Profitability and financing affordable housing projects is a significant challenge, but LINC Housing has been proactive in exploring innovative financing models to bridge the funding gap. One key strategy employed by Linc Housing is the utilization of Low-Income Housing Tax Credits (LIHTCs). They actively pursue these tax credits, which are allocated by state agencies to developers who build affordable housing units. LIHTCs attract private investment in affordable housing projects, enabling LINC Housing to access capital for development while also providing tax benefits to investors. Additionally, Linc Housing seeks grants and subsidies from various governmental and philanthropic sources, which further contribute to the financial feasibility of their projects. These
resources help Linc to get the required funding to develop more projects to serve the company’s community. Linc Housing also places significant emphasis on the diversification of their project portfolio, aiming to secure higher cash flow deals. This strategic approach is designed to enhance the organization's financial sustainability and mitigate risks associated with potential downturns in specific sectors. By balancing their revenue streams, Linc Housing remains well-positioned to sustain operations even in challenging market conditions.

Linc Housing places a strong emphasis on resident services and community engagement as integral components of their affordable housing developments. They understand that affordable housing is not just about providing a roof overhead but also creating a supportive and thriving community for residents. Linc Housing offers a variety of resident services, such as job training, health and wellness programs, educational support, and social activities. One of the company’s fastest growing support system they offer is their Intensive Case Management Services. These case managers serve the residents of Linc housing properties by learning about the problems they are experiencing and connecting them with services, programs, and resources that can benefit them. These services help to enhance the quality of life for residents and foster a sense of community within their developments. Furthermore, LINC Housing actively involves residents in the decision-making process through resident representation through consultation during construction and surveys to understand better what the properties residents are looking for in the project. This engagement ensures that their developments meet the specific needs of the community and promotes a sense of ownership and pride among residents.

Another important strategy Linc housing has implemented is their company staffing. Linc Housing recognizes the critical role that dedicated and skilled staff play in their company and project success. Linc housing has a total of eleven different staff leaders, each helping to push the company to reach its mission. Each leader brings a unique set of skills, expertise, and experience that contributes to the overall effectiveness and impact of the organization. With a diverse range of leadership positions, Linc Housing is able to effectively address various aspects of affordable housing development, operations, finance, resident services, corporate development, and community engagement. Having these different leaders enables Linc Housing to effectively navigate the complexities of the affordable housing landscape, make informed decisions, and create a positive social impact. Additionally, having a diverse leadership team brings a range of perspectives, ideas, and experiences, fostering innovation and creativity within the organization. It allows Linc Housing to better understand and address the unique needs of their residents and communities. The presence of these leaders with diverse skill sets helps Linc Housing fulfill its nonprofits mission and have a meaningful impact on affordable housing. In addition to the executive board, Linc Housing also has a board of directors.

Through these strategies, Linc Housing has demonstrated a successful commitment to addressing the affordable housing crisis and creating inclusive communities. By leveraging partnerships, pursuing diverse financing models, prioritizing resident services and company staffing, Linc Housing has been successful in overcoming challenges and making a meaningful impact on the lives of low-income individuals and families.

Future of Nonprofit Developers

The future of nonprofit developers, such as LINC Housing, holds immense potential in addressing the ongoing affordable housing crisis. These companies are poised to play a vital role in addressing the housing needs of low-income individuals and families, promoting community development, and advocating for social equity.

Nonprofit developers can work towards increasing the supply of affordable housing units through new construction, preservation of existing units, and rehabilitation of underutilized properties. By leveraging their expertise and community partnerships, they can identify and develop suitable sites, secure funding, and implement sustainable and inclusive housing projects. Additionally, nonprofit developers have the opportunity to lead the way in providing housing that offers a range of resident services to support the well-being and stability of residents. These services may include financial literacy programs, job training, educational support, health and wellness initiatives, and community engagement activities. Also, nonprofit developers can continue to act as community housing leaders. They can engage in policy discussions, educate policymakers and the public about the benefits of affordable housing, and advocate for funding and incentives to promote the development of affordable housing units. Active participation in shaping housing policies can create a more favorable environment for affordable housing initiatives.
In the future, nonprofit developers will have a pivotal role to play in addressing the affordable housing crisis. They are committed to the project and helping the occupants, and not motivated by profit like other private companies. By embracing innovative strategies, fostering collaboration, advocating for policy changes, and prioritizing resident well-being and community development, they can contribute to the creation of more affordable housing options and promote sustainable, inclusive, and thriving communities. With continued commitment and support, nonprofit developers can be catalysts for positive change in the affordable housing landscape, helping to ensure that everyone has access to safe, decent, and affordable housing.

**Conclusion and Future Research**

Linc Housing, as a nonprofit developer, has made a significant impact in addressing the affordable housing crisis in California. The company has created thousands of homes for families in just 2022 alone and continues to grow and expand their impact each year. The company’s dedication to creating inclusive communities and providing safe and affordable homes, along with supportive services, has transformed the lives of individuals and families. Through collaboration, innovative financing models, commitment to resident services, and community engagement, Linc Housing has successfully overcome funding constraints, regulatory barriers, and community dynamics to deliver affordable housing projects. However, challenges still persist, and nonprofit developers like Linc Housing must continue to navigate these obstacles to meet the ongoing demand for affordable housing. However, Linc Housing continues to lead the way for nonprofit developers and shows the tremendous impact nonprofit developers can have on California’s affordable housing crisis.

For future research, one opportunity is to investigate scalability and replicability. Investigating strategies for scaling up the impact of nonprofit developers like Linc Housing can provide insights into how nonprofit developers can increase their capacity to meet the growing demand for affordable housing. Additionally, exploring the replicability of organizations like Linc Housing in other cities would be beneficial. By examining whether nonprofit developers can achieve success in different cities outside of their initial location, researchers can provide valuable information on how these organizations can effectively adapt their models to diverse contexts. Future research on scalability and replicability in the context of nonprofit developers like Linc Housing has the potential to provide valuable insights and recommendations for increasing the impact of affordable housing initiative.
References


