
A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature recognizes that there are tens
2 of thousands of union employees in Hawaii who fill important
3 roles in our local economy. These employees work in a diverse
4 array of fields, from education, public safety, custodial
5 services, multimodal transportation, nursing, and more,
6 providing the vital infrastructure that allows our island state
7 to operate smoothly.

8 The legislature also recognizes the lack of affordable
9 housing in Hawaii, which remains a significant problem affecting
10 all segments of society. Access to affordable housing is one of
11 the most critical issues faced by our communities: housing is
12 probably the highest cost item borne by families, and many are
13 struggling to find adequate housing near their place of
14 employment to make ends meet.

15 Any further delay of affordable housing-type projects will
16 worsen the crisis in the near future. Policies must be adopted
17 to address the need to develop affordable housing units,
18 including establishing partnerships.



1 The legislature finds that it is necessary to support the
2 tens of thousands of individuals whom we depend on to perform
3 necessary, everyday functions, by providing them with housing
4 relief.

5 The leveraging of union financing for affordable housing
6 projects presents a valuable opportunity for the state.

7 Therefore, the legislature finds that establishing a
8 program for the leveraging of union financing for affordable
9 housing projects is in the public interest. The purpose of this
10 Act is to establish such a program.

11 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
12 amended by adding a new subpart to part III to be appropriately
13 designated and to read as follows:

14 " . LEVERAGING OF UNION FINANCING FOR HOUSING PROJECTS

15 §201H- Leveraging of union financing for housing

16 projects. (a) The corporation may provide partial, interim, or
17 permanent financing for a housing project under the following
18 circumstances:

19 (1) At least one labor union invests its own or members'
20 funds in the project;



- 1 (2) The labor union's investment comprises at least
2 per cent of the total development cost of the
3 housing project as estimated by the corporation;
- 4 (3) All of the dwelling units of the housing project are
5 affordable to families with not more than one hundred
6 forty per cent of the median income of the county in
7 which the project is situated;
- 8 (4) The developer of the project agrees to proceed with
9 the corporation through the process of section 201H-38
10 to obtain all discretionary entitlements from the land
11 use commission and the relevant county;
- 12 (5) The total floor area of all dwelling units is not less
13 than per cent of the total floor area of all
14 other structures in the housing project; and
- 15 (6) The total building area of all structures containing
16 only residential use or more residential use than
17 other uses is at least per cent of the total
18 land area within the boundaries of the housing
19 project. For the purpose of this paragraph, the
20 amount of a "use" shall be measured as the floor area
21 of that use.



1 The corporation shall match the amount of the investment of
2 the labor union in the housing project; provided that if a
3 private financial institution doing business in this state also
4 makes an investment that covers the difference between the total
5 development cost of the housing project and the sum of the
6 corporation's and labor union's investment, the corporation
7 shall guarantee the private financial institution's investment.

8 When the corporation is required to guarantee the
9 investment, the department of budget and finance shall maintain
10 a balance of state funds equaling the investment on deposit with
11 the private financial institution. The department shall be
12 required to maintain that balance until the private financial
13 institution receives income from the project in an amount
14 equivalent to its investment in the project; except that, if the
15 investment was in the form of a loan, the required balance shall
16 be maintained until the loan is fully amortized.

17 (b) The corporation, labor union, and any private
18 financial institution that invested in the housing project shall
19 agree to share the net revenues from the sale or rental of
20 dwelling units and other facilities of the housing project;
21 provided that the corporation shall take a subordinate position.



1 (c) Preference for the purchase or rental of dwelling
2 units in the housing project shall be given to members of the
3 labor union. If more than one labor union invested in the
4 project, the preference shall be apportioned among them
5 according to the proportion of their investment in the project.

6 (d) The corporation may lease for \$1 per year any state
7 land under its management and control to the developer of a
8 housing project under this section."

9 SECTION 3. New statutory material is underscored.

10 SECTION 4. This Act shall take effect on July 1, 2020.



Report Title:

Affordable Housing Projects; Leveraging of Union Financing

Description:

Establishes provisions for the leveraging of union financing for affordable housing projects. (HB1592 HD1)

