
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 SECTION 1. The legislature finds that Act 227, Session
2 Laws of Hawaii 2021, established the affordable homeownership
3 revolving fund, designed to provide financial support for the
4 development of affordable for-sale housing projects by nonprofit
5 community development financial institutions and nonprofit
6 housing development organizations. By expanding homeownership
7 opportunities for Hawaii residents, the affordable homeownership
8 revolving fund seeks to address the housing shortage and promote
9 economic and social stability for low- and moderate-income
10 households.

11 The legislature further finds that prevailing wage laws are
12 essential to ensuring construction workers receive fair wages,
13 enabling Hawaii's working-class residents to afford to live in
14 the communities they help build. The legislature recognizes
15 that community development financial institutions, such as
16 Habitat for Humanity and other nonprofit housing organizations,
17 play a crucial role in developing affordable housing for low-



1 income families. These organizations often rely on volunteer
2 labor, donated materials, and limited funding to build homes for
3 those in need.

4 However, while the affordable homeownership revolving fund
5 was created to provide low-cost financing for community
6 development financial institutions and nonprofits building
7 affordable housing, the prevailing wage laws make it financially
8 unfeasible for these projects to use the fund as intended.

9 The legislature also finds that the urgent need for
10 affordable housing requires targeted policies that support
11 small-scale construction of affordable homes, which may
12 otherwise be financially impractical under existing prevailing
13 wage requirements.

14 Therefore, the purpose of this Act is to narrowly exempt
15 those affordable housing projects that are financed by a
16 certified nonprofit community development financial institution
17 utilizing less than \$1,500,000 of moneys from the affordable
18 homeownership revolving fund from prevailing wage requirements,
19 which will increase the number of homes available to families in
20 need while preserving the integrity of the State's prevailing
21 wage law.



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

4 "§201H- Prevailing wages; exemption. Notwithstanding
5 any other law to the contrary, any affordable housing project
6 financed by a certified nonprofit community development
7 financial institution utilizing less than \$1,500,000 of moneys
8 from the affordable homeownership revolving fund shall be exempt
9 from chapter 104."

10 SECTION 3. Section 104-2, Hawaii Revised Statutes, is
11 amended by amending subsection (a) to read as follows:

12 "(a) This chapter shall apply to every contract in excess
13 of \$2,000 for construction of a public work project to which a
14 governmental contracting agency is a party; provided that this
15 chapter shall not apply to experimental and demonstration
16 housing developed pursuant to section 46-15 [~~or~~]; housing
17 developed pursuant to chapter 201H if the cost of the project is
18 less than \$500,000 and the eligible bidder or eligible developer
19 is a private nonprofit corporation[~~or~~]; or affordable housing
20 financed by a certified nonprofit community development
21 financial institution that utilizes less than \$1,500,000 of



1 moneys from the affordable homeownership revolving fund pursuant
2 to section 201H- .

3 For the purposes of this subsection:

4 "Contract" includes but is not limited to any agreement,
5 purchase order, or voucher in excess of \$2,000 for construction
6 of a public work project.

7 "Governmental contracting agency" includes:

8 (1) Any person or entity that causes either directly or
9 indirectly the building or development of a public
10 work; and

11 (2) Any public-private partnership.

12 "Party" includes eligible bidders for and eligible
13 developers of any public work and any housing under chapter
14 201H; provided that this subsection shall not apply to any
15 housing developed under section 46-15 or chapter 201H if the
16 entire cost of the project is less than \$500,000 and the
17 eligible bidder or eligible developer is a private nonprofit
18 corporation."

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 1, 3000.



H.B. NO. 741 H.D. 1

Report Title:

Community Development Financial Institutions; Affordable Homeownership Revolving Fund; Prevailing Wages; Exemption

Description:

Exempts affordable housing projects that are financed by a certified nonprofit community development financial institution utilizing less than \$1,500,000 from the Affordable Homeownership Revolving Fund from prevailing wages provisions. Effective 7/1/3000. (HD1)

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