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HAWAII NEWS

Union hopes nonprofit and trust fund will help its members buy homes

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Unite Here Local 5 members Cecile Daniels, left, Ellison Lyman and Cristina Fernandez were at the union office Wednesday hoping for homeownership. Unite Here Local 5, which goes back to the bargaining table on June 28, plans to ask employers for workforce housing and establish a housing trust fund to help members pay down mortgage rates.

Cecile Daniels, a 41-year-old Unite Here Local 5 member, works two hotel jobs and two part-time cleaning jobs to make ends meet.

Daniels typically works seven days a week from 8 a.m. to 11 p.m., but the extra hours still aren't enough to rent an apartment large enough to comfortably house her family of four. She also worries that the extra income won't protect her family from Waikiki's rising rents, especially when they are still paying medical bills related to her husband's bout with brain cancer.

"We only have a two-bedroom apartment and my (22-year-old) son wanted privacy so he moved out. It's my dream that we could all live together again," Daniels said. "We are struggling so I never thought it could happen. But now I have hope."

NACA LOAN TERMS

- >> In Hawaii, single-family loan limits range from \$679,650 to \$721,000
- >> No fees or closing costs
- >> No down payment
- >> Primary Mortgage Insurance is not required
- >> Below-market interest rates
- >> Rate buy-down offered

COULD YOU QUALIFY?

- >> You and your co-applicants don't own any other property
- >> The home will be your primary residence
- >> Your income is at or below 80 percent of the area median income
- >> Your income exceeds the limit, but the property you are buying is in a census tract that is 80 percent or below the area median income

For information, visit naca.com.

KEY ASPECTS OF A TAFT-HARTLEY ACT HOUSING FUND

- >> Employer would contribute a bargained amount annually for each of its Unite Here Local 5 workers
- >> The fund would be jointly administered by the union and management
- >> Funds could be made available for Local 5 members to buy down mortgage rates through the nonprofit NACA lending program
- >> Funds could be made available for Local 5 to partner with developers and the state to build workforce housing on state land for members that have obtained NACA lending approvals.

Source: Unite Here Local 5

Daniels said she's excited to be one of 500 Local 5 union members from across the state expected to attend a homebuyers orientation session run by the Neighborhood Assistance Corporation of America (NACA) today at the Ala Moana Hotel. The nonprofit NACA, which has \$13 billion of mortgage funding from Citibank and Bank of America, has committed \$100 million to the Hawaii market, where it plans to open an office focused mainly on helping low-to-moderate income residents.

Gov. David Ige is scheduled to make an appearance at the Local 5 event, which comes in advance of NACA's five-day "Achieve the Dream" homeownership event, which will be held July 6-July 10 from 8 a.m. to 6 p.m. daily at the Hawai'i Convention Center. That event, which is open to the public, is expected to attract anywhere from 3,000 to 5,000 attendees.

It's also a prelude to June 28, when Local 5 goes back to the bargaining table and plans to ask Marriott and other employers to establish a housing trust fund under the federal Taft-Hartley Act governing labor management relations and amended by Congress to include collectively bargained housing benefits. NACA's entry into Hawaii and its financial commitment to the state is not dependent upon a housing trust fund being included in Local 5 contracts.

Local 5 Secretary- Treasurer Eric Gill said the union's hope is that the trust fund would help members buy down NACA mortgage rates. Gill and NACA founder and CEO Bruce Marks met with Ige Wednesday to discuss opportunities for the nonprofit to partner with local government and developers to build workforce housing on state-owned land.

Gill said NACA's entry into Hawaii is key to helping the state's low-to-moderate income residents afford mortgages and to maximizing the assistance a Taft-Hartley housing trust fund could provide to union members.

While Taft-Hartley housing funds have been operating for some time in Las Vegas and Boston, Gill said Local 5's upcoming bargaining would introduce the concept to Hawaii for the first time. Gill said a new housing trust fund would operate much the same as other Local 5 Taft-Hartley funds, including health and welfare; pension; training and trust; and the multiemployer 401(k).

"We don't expect a huge fight from employers. Homelessness is getting worse as housing costs go up. If our members are living on the street, it's hard to show up on time," Gill said. "We can't control the cost of housing, but we can reduce the cost of buying a home."

"When we ask our members about their main issues, housing is No. 1. Well over half of our members, whether they have a mortgage or are renting, spend more than half of their income on housing," said Local 5 spokeswoman Paola Rodelas.

NACA mortgage holders don't spend more than 33 percent of their gross income on housing, but Marks said they get more bang for their buck than a conventional mortgage. NACA is able to offer generous terms because banks look to the nonprofit to meet provisions in federal law that require them to provide mortgages for working people.

NACA's lending program requires zero down payment, no closing costs or fees or primary mortgage insurance. NACA gives all qualified buyers the same below-market interest rate regardless of credit worthiness. The 30-year-mortgage interest rate, which is currently 4.15 percent, can be bought down to zero by the homebuyer. The program also has terms for 15-year mortgages, multifamily mortgages and mortgages on properties that require renovations.

In Hawaii, which has high housing costs and low affordable housing inventory, Local 5 plans to partner with NACA to help its members get the lowest mortgage rates possible. For every 1 percent of the purchase price that an individual is able to put down to buy down the rate, NACA knocks off one-quarter percentage point from the interest rate of a 30-year mortgage and one-half percentage point from the interest rate of a 15-year-mortgage.

“There are more scams in the real estate industry than any other industry. But as good as this program sounds, it’s even better,” Marks said. “We’re building up neighborhoods and families that have been locked out of homeownership. We work with applicants and we stay in contact with owners. This program works. Our foreclosure rate is just .0021 (percent).”

Cristina Fernandez, a 39-year-old housekeeper at Hilton Hawaiian Village, said she and her husband are optimistic that the program’s more flexible financing terms and underwriting could help them finally obtain a mortgage.

“When I was on call at Hilton and didn’t have as many hours, we got behind on some of our bills. We got turned down for a mortgage because of our credit rating,” Fernandez said. “I’m super excited that there is a program that depends more on our income (than a credit report).”

Ellison Lyman, a 35-year-old Hilton Hawaiian Village employee, said she hopes to pool resources with her family to buy the rental where they currently live and renovate it.

“Success would mean that we could stay in Hawaii,” Lyman said. “The cost of living, especially housing, is so high in Hawaii that we’ve been talking about moving to Nevada or Oregon.”

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