

MEMORANDUM

To: House Municipal Government and Housing Committee
From: AFL-CIO Housing Investment Trust
Date: March 31, 2026
Subject: In Support of H8142 Residential Reuse Incentive

Chair Casey and Members of the Committee:

The AFL-CIO Housing Investment Trust is a \$7.3 billion social impact mutual fund that invests union pension dollars in the construction of affordable housing built with 100% union labor. HIT enthusiastically supports the Residential Reuse Incentive Act, a thoughtful piece of legislation which will address several urgent policy priorities—boosting Rhode Island’s supply of affordable housing for essential workers such as teachers and nurses through the environmentally-sustainable repurposing of vacant properties, creating high-quality careers in the construction industry, and attracting responsible pension fund capital to the state, all of which will catalyze equitable economic growth.

HIT is prepared invest pension capital to make the Residential Reuse program a success, and our track record provides proof of the positive social impact that the Residential Reuse program will have.

HIT has its roots in the civil rights movement, specifically in a conversation in the mid-1960s between Rev. Dr. Martin Luther King, Jr. and AFL-CIO President George Meaney on how union pension fund investment can be used as a tool to promote equal housing opportunity.

Now six decades later, the AFL-CIO Housing Investment Trust and its subsidiaries have invested \$11.6 billion in 630 projects all across the country creating 131,617 units of housing, \$51 billion in total economic benefits, \$6.9 billion in tax revenues, and 215.5 million hours of union labor.¹

This model of impact investment, which is reflected in the Residential Reuse Incentive Program, does not only get housing built— it lifts up entire communities and drives equitable economic growth. In doing so, this model provides a holistic solution to the affordability crisis by creating affordable housing and ensuring that workers involved in building housing can themselves afford a place to live.

HIT has proven that this model works, both nationally and in nearby states such as Massachusetts and New York. In Massachusetts, HIT has invested \$876.2 million in 45 projects with 5,405 units of housing, 95% of which is affordable housing, creating 23,384 jobs, and generating \$710.9 million in tax revenue and \$5.2 billion in total economic impact.² In New York, HIT has invested

¹ <https://www.aflcio-hit.com/impact-investing/>

² <https://www.aflcio-hit.com/massachusetts-housing-initiative/>

\$2.2 billion in 80 projects creating 45,444 units of housing, 91% of which is affordable, creating 30,188 jobs, and generating \$426.6 million in tax revenues and \$6.7 billion in total economic impact.³

Policymakers across the country are realizing that these are the kind of results their communities need, and many states are creating programs to catalyze similar impact.

For example, last fall the State of Connecticut created a \$50 million program under HB 8002 to catalyze pension fund investment in union-built affordable housing. This new program is already drawing strong developer interest, and we look forward to a pipeline of projects that will provide the housing and jobs Connecticut needs.

In 2022, the State of Nevada created a similar program using its recently-established \$75 million State Infrastructure Bank. In 2025 we made our first investment ever in Nevada, providing \$30 million of our capital to leverage a \$7 million State investment and build 208 units of affordable housing in Reno. Late last year, the State Infrastructure Bank committed \$25 million to build 1,350 units of affordable housing, redeveloping a golf course in Las Vegas into the largest affordable housing project in the state's history, which we look forward to financing.

The positive impacts of union job creation through affordable housing financed by union pension capital are undeniable. Ensuring that the workers who build affordable housing can themselves afford their rent is just basic common sense, and addresses our nation's crisis of job quality, which is particularly critical in the residential construction industry. A national study estimated that 1.1 to 2.1 million construction workers are misclassified as independent contractors or are paid off-the-books, costing taxpayers \$5 billion to \$10 billion annually in unpaid Social Security and Medicare contributions, payroll tax, overtime, unemployment insurance, and workers compensation insurance payments.⁴ **The study estimates Rhode Island's share of these costs at \$59.5 million per year.**⁵

The costs don't stop there. An estimated 39% of families in the construction industry are enrolled in one or more social safety net program. A study found that the construction industry externalizes an estimated \$28 billion in costs onto the public through provision of social safety net benefits such as Medicaid and SNAP.⁶

In an environment of uncertain federal resources, government cannot afford to subsidize developers and contractors that do not create high-quality jobs in our communities.

³ <https://www.aflcio-hit.com/new-york/>

⁴ <https://tcf.org/content/report/up-to-2-1-million-u-s-construction-workers-are-illegally-misclassified-or-paid-off-the-books/>

⁵ Ibid.

⁶ <https://laborcenter.berkeley.edu/the-public-cost-of-low-wage-jobs-in-the-us-construction-industry/>

HIT's track record of \$11.6 billion in investment in 630 projects built with 100% union labor, creating \$51 billion in total economic benefits and \$6.9 billion in tax revenues demonstrate that there is a better way. An investment in workers pays dividends to the entire community through increased tax collections and economic impacts that catalyze equitable economic growth.

The AFL-CIO Housing Investment Trust would be proud to partner with government, labor, and the private sector to create union jobs and affordable housing financed with union pension fund investment in the State of Rhode Island.

We urge the legislature to pass the Residential Reuse Incentive Program (H8142) and thank Rep. Speakman for her leadership on advancing housing production and creating good union jobs.

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