
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that Hawaii has the
3 highest homelessness rate per capita in the nation. The 2024
4 Point In Time Count showed a total of 6,389 people experiencing
5 homelessness in the State. The majority of the homeless are on
6 Oahu with 4,494, followed by Hawaii with seven hundred eighteen,
7 Maui with six hundred fifty-four, and Kauai with five hundred
8 twenty-three homeless individuals. Between 2023 and 2024, there
9 was a twelve per cent increase in the number of people
10 experiencing homelessness on Oahu. Sixty-two per cent of Oahu's
11 homeless were unsheltered, and thirty-eight per cent were
12 sheltered.

13 The legislature under Act 209, Session Laws of Hawaii 2018,
14 established the ohana zones pilot program, which initially
15 appropriated \$30,000,000 to fund nonprofit and county government
16 programs aimed to reduce homelessness. Act 128, Session Laws of
17 Hawaii 2019, expanded the use of ohana zone funds to include



1 private lands and appropriated \$2,000,000 for the construction
2 of modular temporary units, renovation of existing structures on
3 public lands, or creation of infrastructure to make land
4 suitable for temporary housing. The ohana zones pilot program
5 was extended from 2021 to 2023. The legislature finds that in
6 addition to the six mandated housing sites in the ohana zones
7 pilot program, fourteen additional programs were established.

8 Act 235, Session Laws of Hawaii 2022, further extended the
9 ohana zones pilot program through June 30, 2026, and provided an
10 additional \$15,000,000 to fund services. In 2023, the
11 legislature also set aside \$5,000,000 to fund a supportive
12 housing pilot program designed to address individuals with
13 special housing needs, including individuals with alcohol or
14 drug addiction; individuals transitioning from incarceration;
15 youth aging out of foster care; domestic violence survivors;
16 veterans; individuals with intellectual, developmental, physical
17 disabilities, or mental illness; frail elderly; and chronically
18 homeless individuals. In 2023, the legislature also set aside
19 \$25,000,000 to fund the kauhale initiative to create deeply
20 affordable spaces for housing and healing the houseless. At
21 that time, kauhale was defined as "communal living spaces, with



1 modest housing units for individual households and shared space
2 for cooking, eating, recreation, growing food, and engaging in
3 group activities". As proposed, kauhale was envisioned as
4 "prefabricated homes, or other modest, low-cost housing unit",
5 but "could also be created in an existing apartment, dormitory,
6 or office building, so long as there is communal space and an
7 investment in building communal responsibility." Over time, the
8 kauhale initiative has evolved to a range of responses for
9 homeless individuals and families and those at risk of
10 homelessness. Kauhale now include temporary, time-limited
11 options such as emergency shelter, medical respite, and mobile
12 outreach and navigation, as well as long-term solutions such as
13 supportive housing and affordable housing targeting extremely
14 low-income households.

15 The legislature further finds that among the important
16 principles of the State's kauhale initiative is building
17 partnerships between government and community, providing
18 affordable spaces for housing and healing, and fostering
19 belonging and responsibility. Every kauhale is a partnership
20 between government and community with flexible state funding



1 used to empower community champions to fill resource gaps where
2 needed.

3 The legislature also finds that to ensure there is capacity
4 within the State to meet the needs for long-term solutions to
5 homelessness and the risk of homelessness, it is necessary for
6 the State to develop the capacity of its affordable housing
7 financing and development agency to work with developers to
8 create additional supportive housing units.

9 Accordingly, the purpose of this Act is to:

10 (1) Appropriate funds for the continued implementation of
11 the kauhale initiative; and

12 (2) Create the supportive housing special fund to assist
13 the Hawaii housing finance and development corporation
14 to facilitate the development of mixed-income rental
15 housing projects in which some or all the units are
16 targeted to special needs individuals or families who
17 require supportive services.

18 PART II

19 SECTION 2. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$ or so
21 much thereof as may be necessary for fiscal year 2025-2026 and



1 the same sum or so much thereof as may be necessary for fiscal
2 year 2026-2027 for the continued operation of the kauhale
3 initiative, including expenses related to:

- 4 (1) The development and operation of kauhale;
- 5 (2) The provision of project-based rent supplement
6 payments;
- 7 (3) The provision of support services for qualified
8 individuals and families in kauhale;
- 9 (4) Staffing and related costs to administer the kauhale
10 initiative;
- 11 (5) Addressing basic needs of individuals and families
12 experiencing homelessness;
- 13 (6) Wrap around services;
- 14 (7) Social and health care services;
- 15 (8) Transportation; and
- 16 (9) Other services with the goal of alleviating poverty
17 and transitioning individuals and families
18 experiencing homelessness or housing instability into
19 supportive or affordable housing;

20 provided that funds appropriated under this part may be used for
21 the ohana zones pilot program established under Act 209, Session



1 Laws of Hawaii 2018, as amended by Act 128, Session Laws of
2 Hawaii 2019, as amended by Act 235, Session Laws of Hawaii 2022.

3 The sums appropriated shall be expended by the office of
4 the governor for the purposes of this part.

5 Notwithstanding any other law to the contrary, the governor
6 may transfer all or a portion of the appropriation in this part
7 to the governor's designated executive branch departments or
8 agencies, including the statewide office on homelessness and
9 housing solutions, for expenditures incurred to implement the
10 kauhale initiative.

11 The governor's designated executive branch departments or
12 agencies may expend any appropriation transferred pursuant to
13 this part for the performance of their duties under the kauhale
14 initiative.

15 If funds appropriated pursuant to this part are used to
16 contract for the procurement of building services and projects
17 related to the kauhale initiative, there shall be at least two
18 bidders for any kauhale project estimated to be over \$1,000,000.

19 PART III

20 SECTION 3. The legislature finds that combining affordable
21 housing with access to services to help special needs



1 populations, such as individuals with alcohol or drug addiction;
2 individuals transitioning from incarceration; youth aging out of
3 foster care; domestic violence survivors; veterans; individuals
4 with intellectual, developmental, physical disabilities, or
5 mental illness; frail elderly; and chronically homeless
6 individuals, live more stable and productive lives.

7 The legislature further finds that the Hawaii housing
8 finance and development corporation administers various programs
9 to finance mixed-income rental housing developments. Creating a
10 new financing tool specifically for supportive housing will
11 enable the Hawaii housing finance and development corporation to
12 facilitate the development of supportive housing units in stand-
13 alone projects or integrated in mixed-income rental housing
14 projects.

15 The purpose of this part is to:

- 16 (1) Establish a supportive housing special fund to be
17 administered by the Hawaii housing finance and
18 development corporation;
- 19 (2) Appropriate funds to support the development,
20 operation, and maintenance of supportive housing, as
21 well as the provision of supportive services; and



1 (3) Establish, within the Hawaii housing finance and
2 development corporation, one full-time equivalent (1.0
3 FTE) housing finance specialist I position to help
4 with the administration of the supportive housing
5 special fund.

6 SECTION 4. Chapter 201H, Hawaii Revised Statutes, is
7 amended by adding a new subpart to part III to be appropriately
8 designated and to read as follows:

9 " . Supportive Housing Special Fund

10 **§201H- Supportive housing special fund.** (a) There is
11 established a supportive housing special fund to be administered
12 by the corporation for the purpose of developing, operating, and
13 maintaining affordable, permanent housing and the provision of
14 supportive services for individuals or families with special
15 needs.

16 (b) Moneys in the fund may be used:

17 (1) To make loans to finance the development, pre-
18 development, construction, acquisition, preservation,
19 or substantial rehabilitation of supportive housing
20 projects;

21 (2) To make project-based rental assistance payments;



1 (3) To make payments for supportive services for
2 households residing in the supportive housing
3 projects; and

4 (4) For other housing services or activities as provided
5 in rules adopted by the corporation without regard to
6 chapter 91.

7 (c) The fund may include sums appropriated by the
8 legislature, private contributions, proceeds from repayment of
9 loans, interest, fees, other returns, and moneys from other
10 sources.

11 (d) An amount from the fund, to be set by the corporation
12 and authorized by the legislature, may be used for
13 administrative expenses incurred by the corporation in
14 administering the fund; provided that moneys in the fund shall
15 not be used to finance day-to-day administrative expenses of the
16 projects allotted moneys from the fund.

17 (e) The corporation shall consult with the counties and
18 community-based organizations to leverage funds and obtain input
19 on selection of projects.

20 (f) The corporation may contract with other executive
21 branch departments or agencies, the counties, or private or



1 nonprofit organizations as necessary for the provision of
2 supportive housing and services. The corporation shall be
3 exempt from chapter 103D in selecting a qualified private or
4 nonprofit organization to assist with the development and
5 maintenance of supportive housing and provision of rental
6 assistance and supportive services. The corporation may,
7 without regard to chapter 91, establish rules and qualification
8 standards for participants of the supportive housing program.

9 (g) The corporation may establish, revise, charge, and
10 collect a reasonable service fee, as necessary, in connection
11 with its financing, services, and approvals under this subpart.
12 The fees shall be deposited into the supportive housing special
13 fund.

14 (h) The corporation shall submit a report to the
15 legislature no later than twenty days prior to the convening of
16 each regular session describing the projects funded using moneys
17 from the supportive housing special fund.

18 **§201H- Additional powers.** The powers conferred upon
19 the corporation by this subpart shall be in addition and
20 supplemental to the powers conferred by any other law, and



1 nothing in this subpart shall be construed as limiting any
2 powers, rights, privileges, or immunities conferred."

3 SECTION 5. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$ or so
5 much thereof as may be necessary for fiscal year 2025-2026 and
6 the same sum or so much thereof as may be necessary for fiscal
7 year 2026-2027 to be deposited into the supportive housing
8 special fund.

9 SECTION 6. There is appropriated out of the supportive
10 housing special fund the sum of \$ or so much thereof
11 as may be necessary for fiscal year 2025-2026 and the same sum
12 or so much thereof as may be necessary for fiscal year 2026-2027
13 to be expended as follows:

14 (1) \$ for the financing of the development,
15 operation, and maintenance of affordable, supportive
16 housing projects and the provision of supportive
17 services for households with special needs who reside
18 in the supportive housing projects; and

19 (2) \$ for the establishment and hiring of one
20 temporary full-time equivalent (1.0 FTE) housing
21 finance specialist I within the Hawaii housing finance



Report Title:

Housing; Kauhale Initiative; Ohana Zones Pilot Program;
Supportive Housing Special Fund; Appropriation

Description:

Appropriates funds for the continued operation of the Kauhale Initiative and authorizes those funds to be used for the Ohana Zones Pilot Program. Establishes and appropriates funds into and out of the Supportive Housing Special Fund. Effective 6/29/3000. (HD2)

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