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# A BILL FOR AN ACT

RELATING TO OHANA ZONES.

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

1 SECTION 1. Chapter 346, Hawaii Revised Statutes, is  
2 amended by adding a new section to subpart B of part XVIII to be  
3 appropriately designated and to read as follows:

4 "§346- Ohana zones program; establishment; reports.

5 (a) There is established within the statewide office on  
6 homelessness and housing solutions the ohana zones program to  
7 provide temporary housing and services to homeless individuals  
8 and families based on principles similar to the housing first  
9 program.

10 (b) The office shall determine the number and locations of  
11 ohana zone sites, which shall be situated on public or private  
12 lands in accordance with subsection (c).

13 (c) The office may coordinate with public or private  
14 entities, as appropriate, to develop and implement the ohana  
15 zones program; provided that:



- 1        (1) If any public land under the jurisdiction of a state  
2        or county agency is determined to be suitable for use  
3        as an ohana zone, the office shall:
- 4        (A) Work with the appropriate state or county agency  
5        that controls the land to transfer the land  
6        designated for use as an ohana zone to an agency  
7        whose mission is more suited to the management of  
8        ohana zones; and
- 9        (B) Work with the appropriate state or county agency  
10       that controls the land and its construction  
11       agency to ensure that an ohana zone's  
12       infrastructure needs are met and minimize adverse  
13       impacts to the environment, including to  
14       nearshore resources, such as corals, reef fish,  
15       and seabirds;
- 16       (2) Use of any private lands determined to be suitable for  
17       use as an ohana zone shall be for limited purposes and  
18       require a written agreement between the private land  
19       owner and any state or county agency that any  
20       structure built with public funds may be moved or is  
21       temporary; provided further that, if the land ceases



1 to be used for an ohana zone or low-income housing  
2 before the time specified in the agreement, the state  
3 or county agency may choose to move the structure off  
4 the private land to a location of the state or county  
5 agency's choosing; and

6 (3) The ohana zones program may allow for off-the-grid  
7 technologies that can:

8 (A) Provide drinking water and electricity; and

9 (B) Process sewage,

10 without existing infrastructure; provided further that  
11 ohana zone sites with the ability to hook up to  
12 electricity, water, and sewer shall be preferred when  
13 considering ohana zone sites; provided further that  
14 connections to these utilities shall be made as soon  
15 as the project is able, unless there is a more cost-  
16 effective renewable energy option.

17 (d) The ohana zones program may provide the following  
18 facilities and services at each ohana zone site:

19 (1) Secure dwelling spaces that:

20 (A) May be private or communal;



1           (B) Have access to toilets, showers, and other  
2           hygiene facilities; and

3           (C) Have access to an area for food storage and meal  
4           preparation;

5           (2) Medical and social support services; and

6           (3) Transportation to appointments related to medical care  
7           or supportive services that are not available onsite;

8 provided that a person receiving accommodations or services from  
9 an ohana zone site may request a ninety-day extension of the  
10 person's receipt of accommodations or services, subject to  
11 approval by the applicable ohana zone site and other eligibility  
12 criteria as determined by each ohana zone site.

13           (e) Contracts entered into by the office shall be exempt  
14 from the requirements of chapters 6E, excluding section 6E-43.6;  
15 46, excluding sections 46-1.5(5)(D), 46-1.5(14)(A)(iii),  
16 46-88(c)(5), and 46-88(j); 103D; 103F; and 343; provided that no  
17 contract entered into pursuant to the ohana zones program or  
18 structures constructed thereunder shall be exempt from county,  
19 state, or federal floodplain management development standards,  
20 or statutes, codes, ordinances, rules, or regulations with which



1 compliance is required under the National Flood Insurance  
2 Program.

3 (f) The office shall establish the following:

4 (1) The criteria that the agencies shall use to evaluate  
5 potential ohana zone locations;

6 (2) A monthly timetable of milestones that the office  
7 expects to meet in establishing ohana zones;

8 (3) The specific, measurable, attainable, reasonable, and  
9 time-based performance measures that the office  
10 expects to meet at the end of each fiscal year;

11 (4) The evaluation criteria and process that the office  
12 shall use each year when reviewing the success and  
13 sustainability of the ohana zones; and

14 (5) The monitoring and oversight controls that the office  
15 shall establish over the ohana zones to identify,  
16 address, and prevent possible fraud, waste, and abuse  
17 and ensure compliance with local, state, and federal  
18 laws.

19 (g) The coordinator shall compile and consolidate  
20 information from the office to effectuate this section and  
21 submit a report to the legislature no later than twenty days



1 prior to the convening of each regular session, which shall  
2 include:

3 (1) A summary and explanation of the process that the  
4 office engaged in to identify possible ohana zone  
5 locations;

6 (2) The milestones established pursuant to subsection (f)  
7 that were met by the office and ohana zones  
8 established during the immediately preceding fiscal  
9 year;

10 (3) An evaluation of the ohana zones to determine whether  
11 the objectives set have been met or exceeded;

12 (4) Any proposed changes that need to be made to the  
13 performance measures used to assess the achievement of  
14 program goals;

15 (5) An assessment of the impact of the ohana zone model on  
16 the homelessness problem in the State; and

17 (6) A summary of the information required under  
18 subsection (f)."

19 SECTION 2. Section 201H-36, Hawaii Revised Statutes, is  
20 amended by amending subsections (a) and (b) to read as follows:

1           "(a) In accordance with section 237-29, the corporation  
2 may approve and certify for exemption from general excise taxes  
3 any qualified person or firm involved with a newly constructed,  
4 or a moderately or substantially rehabilitated, project that is:

- 5           (1) Developed under this part;
- 6           (2) Developed under a government assistance program  
7                 approved by the corporation, including but not limited  
8                 to the United States Department of Agriculture's  
9                 section 502 direct loan program [~~and~~], Federal Housing  
10                Administration's section 235 program[+], and the ohana  
11                zones program established under section 346- ;

- 12           (3) Developed under the sponsorship of a private nonprofit  
13                 organization providing home rehabilitation or new  
14                 homes for qualified families in need of decent,  
15                 low-cost housing;

- 16           (4) Developed by a qualified person or firm to provide  
17                 affordable rental housing where at least fifty per  
18                 cent of the available units are for households with  
19                 incomes at or below eighty per cent of the area median  
20                 family income as determined by the United States  
21                 Department of Housing and Urban Development, of which



1 at least twenty per cent of the available units are  
2 for households with incomes at or below sixty per cent  
3 of the area median family income as determined by the  
4 United States Department of Housing and Urban  
5 Development; or

6 (5) Approved or certified from July 1, 2018, to June 30,  
7 2030, and developed under a contract described in  
8 section 104-2(i)(2) by a qualified person or firm to  
9 provide affordable rental housing through new  
10 construction or substantial rehabilitation; provided  
11 that:

12 (A) The allowable general excise tax and use tax  
13 costs shall apply to contracting only and shall  
14 not exceed \$30,000,000 per year in the aggregate  
15 for all projects approved and certified by the  
16 corporation; and

17 (B) All available units are for households with  
18 incomes at or below one hundred forty per cent of  
19 the area median family income as determined by  
20 the United States Department of Housing and Urban  
21 Development, of which at least twenty per cent of



1           the available units are for households with  
 2           incomes at or below eighty per cent of the area  
 3           median family income as determined by the United  
 4           States Department of Housing and Urban  
 5           Development; provided further that an owner shall  
 6           not refuse to lease a unit solely because the  
 7           applicant holds a voucher or certificate of  
 8           eligibility under section 8 of the United States  
 9           Housing Act of 1937, as amended.

10           (b) To obtain certification for exemption under this  
 11          section, rental housing projects shall, unless exempted by the  
 12          corporation, enter into a regulatory agreement with the  
 13          corporation to ensure the project's continued compliance with  
 14          the applicable eligibility requirements set forth in subsection  
 15          (a), as follows:

16           (1) For moderate rehabilitation projects, a minimum term  
 17           of five years as specified in a regulatory agreement;

18           (2) For substantial rehabilitation projects~~[7]~~ and ohana  
 19           zones projects under contracts entered into pursuant  
 20           to section 346- , a minimum term of ten years as  
 21           specified in a regulatory agreement; or



1 (3) For new construction projects, a minimum term of  
2 thirty years from the date of issuance of the  
3 certificate of occupancy."

4 SECTION 3. Section 346-361, Hawaii Revised Statutes, is  
5 amended by adding two new definitions to be appropriately  
6 inserted and to read as follows:

7 "Kauhale" means:

8 (1) A program to address the basic needs of individuals  
9 experiencing houselessness; and

10 (2) Affordable housing spaces that are communal living  
11 spaces with individual household units and charge  
12 monthly rents no more than thirty per cent of the area  
13 median income level.

14 "Ohana zone" means a place:

15 (1) That has a program to address basic needs of  
16 individuals experiencing homelessness; and

17 (2) Where wrap-around services, social and health care  
18 services, transportation, and other services may be  
19 offered with the goals of alleviating poverty and  
20 transitioning individuals experiencing homelessness  
21 into affordable housing.



1       "Ohana zone" includes a kauhale."

2       SECTION 4. There is appropriated out of the general  
3 revenues of the State of Hawaii the sum of \$                    or so  
4 much thereof as may be necessary for fiscal year 2025-2026 for  
5 the ohana zones program's transient temporary housing; provided  
6 that no more than \$                    in general funds shall be spent on  
7 kauhale.

8       The sum appropriated shall be expended by the department of  
9 human services for the purposes of this Act.

10       SECTION 5. There is appropriated out of the general  
11 revenues of the State of Hawaii the sum of \$                    or so  
12 much thereof as may be necessary for fiscal year 2025-2026 for  
13 the development and management of kauhales or semi-permanent  
14 housing to transition persons out of homelessness.

15       The sum appropriated shall be expended by the department of  
16 human services for the purposes of this Act.

17       SECTION 6. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19       SECTION 7. This Act shall take effect on July 1, 3000.



**Report Title:**

SOHHS; Ohana Zones Program; Establishment; HHFDC; General Excise Tax; Exemption; Reports; Appropriation

**Description:**

Establishes the Ohana Zones Program as a program within the Statewide Office on Homelessness and Housing Solutions. Authorizes the Hawaii Housing Finance and Development Corporation to exempt ohana zones projects from general excise taxes. Requires annual reports to the Legislature. Appropriates funds. Effective 7/1/3000. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

