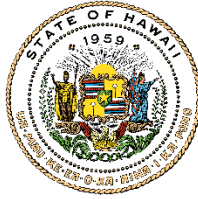


**JOSH GREEN, M.D.**  
GOVERNOR | KE KIA'ĀINA

**SYLVIA LUKE**  
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



**STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'  
DEPARTMENT OF LAND AND NATURAL RESOURCES  
KA 'OIHANA KUMUWAIWAI 'ĀINA**

P.O. BOX 621  
HONOLULU, HAWAII 96809

**DAWN N.S. CHANG**  
CHAIRPERSON  
BOARD OF LAND AND NATURAL RESOURCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT

**RYAN K.P. KANAKA'OLE**  
FIRST DEPUTY

**CIARA W.K. KAHAHANE**  
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES  
BOATING AND OCEAN RECREATION  
BUREAU OF CONVEYANCES  
COMMISSION ON WATER RESOURCE  
MANAGEMENT  
CONSERVATION AND COASTAL LANDS  
CONSERVATION AND RESOURCES  
ENFORCEMENT  
ENGINEERING  
FORESTRY AND WILDLIFE  
HISTORIC PRESERVATION  
KAHOOLAWE ISLAND RESERVE COMMISSION  
LAND  
STATE PARKS

**Testimony of  
DAWN N. S. CHANG  
Chairperson**

**Before the House Committee on  
HUMAN SERVICES & HOMELESSNESS**

**Thursday, March 13, 2025  
10:00 AM**

**State Capitol, Conference Room 329 and Via Videoconference**

**In consideration of  
SENATE BILL 1610, SENATE DRAFT 2  
RELATING TO OHANA ZONES**

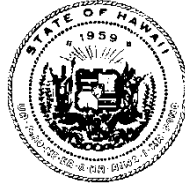
Senate Bill 1610, Senate Draft 2 establishes the Ohana Zones Program as a permanent program within the Statewide Office on Homelessness and Housing Solutions (OHHS), exempts ohana zones projects from general excise taxes, requires annual reports to the Legislature, and appropriates funds. **The Department of Land and Natural Resources (Department) offers the following comments.**

This measure requests that OHHS work with appropriate state or county agencies to transfer land determined to be suitable for use as an ohana zone to OHHS. The Department recognizes the need for innovative solutions to the ongoing housing crisis but notes that most lands under the jurisdiction of the Board of Land and Natural Resources which are located in urban areas and have access to infrastructure are already set aside to other government agencies or otherwise under long-term dispositions. The Department remains committed to assisting OHHS in implementing the Ohana Zones Program.

Mahalo for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.  
GOVERNOR

SYLVIA LUKE  
LT. GOVERNOR



DEAN MINAKAMI  
EXECUTIVE DIRECTOR

## STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM  
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION  
677 QUEEN STREET, SUITE 300  
HONOLULU, HAWAII 96813  
FAX: (808) 587-0600

### Statement of **DEAN MINAKAMI**

Hawaii Housing Finance and Development Corporation  
Before the

### **HOUSE COMMITTEE ON HUMAN SERVICES & HOMELESSNESS**

March 13, 2025 at 10:00 a.m.  
State Capitol, Room 329

In consideration of  
**S.B. 1610 SD2**  
**RELATING TO OHANA ZONES.**

Chair Marten, Vice Chair Olds, and members of the Committee.

HHFDC **supports** SB 1610 SD2, which establishes the Ohana Zones Program as a program within the Statewide Office on Homelessness and Housing Solutions. It also authorizes the Hawai'i Housing Finance and Development Corporation (HHFDC) to exempt ohana zones projects from general excise taxes (GET); requires annual reports to the Legislature; appropriates funds; and sunsets 6/30/2026.

HHFDC supports the provision to exempt development costs and rental income for Ohana Zones projects from the GET.

Thank you for the opportunity to testify on this bill.

**JOSH GREEN M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT. GOVERNOR



STATE OF HAWAII  
**DEPARTMENT OF TAXATION**

Ka 'Oihana 'Auhau  
P.O. BOX 259

HONOLULU, HAWAII 96809  
PHONE NO: (808) 587-1540  
FAX NO: (808) 587-1560

**GARY S. SUGANUMA**  
DIRECTOR

**KRISTEN M.R. SAKAMOTO**  
DEPUTY DIRECTOR

**TESTIMONY OF**  
**GARY S. SUGANUMA, DIRECTOR OF TAXATION**

**TESTIMONY ON THE FOLLOWING MEASURE:**

S.B. No. 1610, S.D. 2, Relating to Ohana Zones

**BEFORE THE:**

House Committee on Human Services & Homelessness

**DATE:** Thursday, March 13, 2025

**TIME:** 10:00 a.m.

**LOCATION:** State Capitol, Room 329

Chair Marten, Vice-Chair Olds, and Members of the Committee:

The Department of Taxation (DOTAX) offers the following comments regarding S.B. 1610, S.D. 2, for your consideration.

Section 1 of S.B. 1610, S.D. 2, under chapter 346, Hawaii Revised Statutes (HRS), would establish the Ohana Zones program within the statewide office on homelessness and housing solutions.

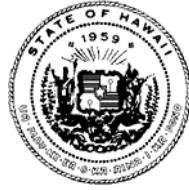
Section 2 of the bill amends section 201H-36(a)(2), HRS, to allow the Hawaii Housing Finance and Development Corporation (HHFDC), in accordance with section 237-29, HRS, to approve and certify for exemption from the general excise tax (GET) any qualified person or firm developing a newly constructed, or a moderately or substantially rehabilitated project, under the Ohana Zones program. Section 2 also amends section 201H-36(b)(2), HRS, to condition eligibility for the GET exemption upon Ohana Zone projects entering into a regulatory agreement with HHFDC for a minimum 10-year term.

The measure has a defective effective date of December 31, 2050, and would be repealed on June 30, 2026, with sections 201H-36(a) and (b) then reverting to their prior form.

DOTAX can administer this measure with an effective date of July 1, 2025, or later.

Thank you for the opportunity to provide comments on this measure.

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA



RYAN I. YAMANE  
DIRECTOR  
KA LUNA HO'OKELE

JOSEPH CAMPOS II  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

STATE OF HAWAII  
KA MOKU'ĀINA O HAWAI'I  
**DEPARTMENT OF HUMAN SERVICES**  
KA 'OIHANA MĀLAMA LAWELAWE KANAKA  
Office of the Director  
P. O. Box 339  
Honolulu, Hawaii 96809-0339

TRISTA SPEER  
DEPUTY DIRECTOR  
KA HOPE LUNA HO'OKELE

March 12, 2025

TO: The Honorable Representative Lisa Marten, Chair  
House Committee on Human Services & Homelessness

FROM: Ryan I. Yamane, Director

SUBJECT: **SB 1610 SD2 – RELATING TO OHANA ZONES.**

Hearing: March 13, 2025, 10:00 a.m.  
Conference Room 329 & Videoconference, State Capitol

**DEPARTMENT'S POSITION:** The Department of Human Services (DHS) appreciates the intent of the bill, defers to the Office of Homelessness and Housing Solutions (OHHS), provides comments, and requests clarification. The executive budget includes a request for \$50M for each year of the biennium to the OHHS, and DHS respectfully requests that any appropriation not replace or reduce a priority identified in the executive budget.

**PURPOSE:** This bill establishes the Ohana Zones Program as a program within the Statewide Office on Homelessness and Housing Solutions. Authorizes the Hawai'i Housing Finance and Development Corporation to exempt ohana zones projects from general excise taxes. Requires annual reports to the Legislature. Appropriates funds. Effective 12/31/2050. Sunsets 6/30/2026. (SD2)

The Committees on Health and Human Services and Housing amended the measure by:

- (1) Inserting language to clarify that "ohana zone" includes a kauhale;
- (2) Inserting an effective date of December 31, 2050, to encourage further discussion; and

- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

The Committee on Ways and Means amended this measure by:

- (1) Deleting the purpose section;
- (2) Adding a definition of the term "kauhale";
- (3) Requiring kauhale to have connections to public utilities, such as water, sewer, and electricity;
- (4) Establishing an unspecified maximum amount of appropriated moneys that may be expended on kauhale;
- (5) Inserting a repeal date of June 30, 2026;
- (6) Amending the appropriations to apply only to the 2025-2026 fiscal year; and
- (7) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

DHS supports the establishment of a permanent Ohana Zone Program to be administered by the State Office on Homelessness & Housing Solutions, as the Ohana Zone Pilot Program was successful in supporting a variety of solutions to address homelessness across the State. The collaboration between the State and County-based initiatives is the notable strength of the Ohana Zone Pilot Program projects, as sustainable efforts were aligned. The Ohana Zone Pilot Program also allowed support for testing and innovating solutions that were not supported by federal funds, especially during the COVID-19 pandemic when state funds were immediately available to support the Homeless Outreach and Navigation for Unsheltered (HONU) program and other efforts to mitigate conditions in congregate shelters.

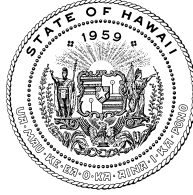
Regarding the SD2 amendment requiring Kauhale to be hooked to public utilities (page 3, lines 10-13), DHS requests clarification and consideration that this requirement be made a preference when the utilities are currently available in the location.

DHS also requests clarification regarding the inclusion of a repeal date of the Ohana Zone program. As noted above, the Ohana Zone Pilot Program has been successful in large part due to its flexibility to incorporate different innovations and housing solutions, including more permanent housing such as Kauhale or as a contribution to county-based housing projects. Having a permanent program may promote more investment in housing innovation and planning.

DHS notes HB 431 HD2 Relating to Housing takes a different approach to state-funded

housing and homeless solutions. HB 431 HD2 appropriates funds to the Office of the Governor for the Kauhale initiative and authorizes that funds appropriated for the Kauhale initiative may be used for the Ohana Zones Pilot Program projects. HB 431 HD2 also establishes the permanent supportive housing special fund to be administered by the Hawaii Housing Finance & Development Corporation. The special fund aims to finance housing development and supportive services for individuals and families with special needs.

Thank you for the opportunity to provide comments on this measure.



EXECUTIVE CHAMBERS  
KE KE'ENA O KE KIA'ĀINA

JOSH GREEN, M.D.  
GOVERNOR  
KE KIA'ĀINA

JUN YANG  
GOVERNOR'S HOMELESS COORDINATOR  
STATEWIDE OFFICE ON  
HOMELESSNESS & HOUSING SOLUTIONS

**HOUSE COMMITTEE ON HUMAN SERVICES AND HOMELESSNESS**

Thursday, March 13, 2025

10:00 a.m.

State Capitol, Conference Room 329, and Videoconference

**Comments**

**Senate Bill No. 1610 SD2, RELATING TO OHANA ZONES**

Aloha Chair Marten, Vice Chair Olds, and Members of the House Committee on Human Services and Homelessness:

The Statewide Office on Homelessness and Housing Solutions (SOHHS) thanks the committee for providing the opportunity to comment on S.B. 1610, SD2, Relating to Ohana Zones. Our office appreciates the intent of the bill and respectfully requests that appropriations for Ohana Zone funding be included in the executive budget for the administration's Kauhale initiative as identified in the executive budget.

In light of the current federal funding reductions and future uncertainty, the funding for the administration's Kauhale Initiative allows our state to respond quickly to the much-needed shelter, housing and supportive services to our most vulnerable members in our community. We appreciate the width and breadth of the Ohana Zone program. We recognize the wisdom of the legislature in allowing the administration to test innovative solutions that were not supported by federal funds.

SOHHS prioritizes electrical, sewer and water connections in all development projects. Unfortunately, the electrical utility has not prioritized timely electrical connection with the urgency needed for these crucial projects. Temporary and long-term projects must have the ability to leverage off-grid and temporary technologies. For this reason, the language within the bill that requires that kauhale shall have connections to public utilities such as water, sewer, and electricity, is overly restrictive and will drastically impact SOHHS's executive ability on important homelessness solution projects. We respectfully request the consideration that the language be amended.

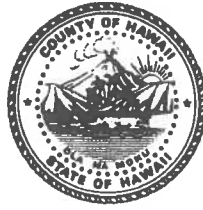
SOHHS appreciates your consideration of our request to further our efforts to reduce and prevent homelessness across the state. Thank you for the opportunity to provide comments on this measure.



C. Kimo Alameda, Ph.D.  
*Mayor*

William V. Brilhante Jr.  
*Managing Director*

Merrick Nishimoto  
*Deputy Managing Director*



Kehaulani M. Costa  
*Housing Administrator*

Keiko M. Mercado  
*Assistant Housing Administrator*

**County of Hawai'i**  
**Office of Housing and Community Development**

1990 Kino'ole Street, Suite 102 • Hilo, Hawai'i 96720 • (808) 961-8379 • Fax (808) 961-8685  
Existing Housing: (808) 959-4642 • Fax (808) 959-9308  
Kona: (808) 323-4300 • Fax (808) 323-4301

March 11, 2025

TESTIMONY IN SUPPORT OF SENATE BILL 1610, SD2  
A BILL FOR AN ACT RELATING TO OHANA ZONES  
COMMITTEE ON HUMAN SERVICES & HOMELESSNESS

Rep. Lisa Marten, Chair

Rep. Ikaika Olds, Vice Chair

Hearing Date: Thursday, March 13, 2025, at 10:00 AM

Place of Hearing: Conference Room 329 & Videoconference

Aloha Honorable Chairs Marten and Olds, and members of the Committee on Human Services and Homelessness,

On behalf of the County of Hawai'i Office of Housing and Community Development (OHCD), I am pleased to provide testimony in **support of Senate Bill 1610, SD2**, which will make the Ohana Zones Program a permanent program within the Statewide Office on Homelessness and Housing Solutions and exempt Ohana Zones projects from General Excise taxes.

The Ohana Zones Program has already proven to be an invaluable resource, providing temporary housing and services to some of the most vulnerable members of our community. Establishing this program permanently is a necessary step in ensuring that those facing homelessness continue to receive the support they need to achieve stability and independence.

Additionally, the OHCD would like to encourage the allocation of funding directly to the counties to further enhance the effectiveness of this program. Providing each county with its own funding allocation will ensure that resources are used in a way that is most effective for local needs and that no community is left behind in this critical battle against homelessness.

Lastly, our Office also wants to take this opportunity to thank legislators for your past funding support, which has been instrumental in supporting programs on Hawai'i Island.

- Initial renovations and repairs at 34 Rainbow Drive to support the opening of Keolahou Emergency Shelter



March 11, 2025

Page 2

- Operational cost for a Family Assessment Center at Na Kahua Hale O Ulu Wini
- Initial funding to support Hale Kūlike, a Permanent Supportive Housing Program at 34 Rainbow Drive
- Temporary Emergency Shelter, Ka Lamaku at the Old Kona Airport
- Partial funding to support the implementation of an Integrated Care Hub
- Implementation of a Homelessness Engagement Team Hui

Thank you for the opportunity to provide testimony in support of SB 1610, SD2, with the addition of county-specific funding allocations. The state's continued support of these services is an integral part of the solution to homelessness that all of Hawai'i's counties are facing.

Mahalo,



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Kehaulani M. Costa  
Housing Administrator

# TAX FOUNDATION OF HAWAII

735 Bishop Street, Suite 417

Honolulu, Hawaii 96813 Tel. 536-4587

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SUBJECT: GENERAL EXCISE; Ohana Zones Program, General Excise Tax Exemption

BILL NUMBER: SB 1610 SD 2

INTRODUCED BY: Senate Committee on Ways and Means

EXECUTIVE SUMMARY: Establishes the Ohana Zones Program as a program within the Statewide Office on Homelessness and Housing Solutions. Authorizes the Hawai'i Housing Finance and Development Corporation to exempt ohana zones projects from general excise taxes.

SYNOPSIS: Adds a new section to Chapter 346 to establish the Ohana Zones Program to provide temporary housing and services to homeless individuals and families.

Amends section 346-361, HRS, to add definitions of "kauhale" and "ohana zone":

"Kauhale" means:

- (1) A program to address the basic needs of individuals experiencing houselessness; and
- (2) Affordable housing spaces that are communal living spaces with individual household units and charge monthly rents no more than thirty per cent of the area median income level.

"Ohana zone" means a place:

- (1) That has a program to address basic needs of individuals experiencing homelessness; and
- (2) Where wrap-around services, social and health care services, transportation, and other services may be offered with the goals of alleviating poverty and transitioning individuals experiencing homelessness into affordable housing.

"Ohana zone" includes a kauhale.

Amends section 201H-36(a) and (b), HRS, to provide the Hawaii Housing Finance and Development Corporation, HHFDC, the ability to approve and certify exemption from general excise tax, in accordance with section 237-29, HRS, any qualified person or firm involved with a newly constructed or moderately or substantially rehabilitated project developed under the Ohana Zones Program.

EFFECTIVE DATE: December 31, 2050; and shall be repealed on June 30, 2026; provided that section 201H-36 (a) and (b), HRS, shall be reenacted in the form it read on the day prior to the effective date of this Act.

STAFF COMMENTS: Currently, HRS section 237-29 provides a general excise tax exemption for the gross income received by qualified persons for planning, design, financing, construction,

sale or lease of a housing project that has been certified or approved by the HHFDC under HRS section 201H-36.

The measure amends Section 201H-36, HRS, to allow HHFDC the ability to approve and certify general excise tax exemptions for projects developed under the newly established Ohana Zones Program. The proposed amendment appears reasonable and consistent with current law for comparable programs administered by HHFDC.

Digested: 3/8/2025