

JAN 23 2025

# A BILL FOR AN ACT

RELATING TO HOUSING RESILIENCY.

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

SECTION 1. The purpose of this Act is to establish the strengthen Hawaii homes program, which will be dedicated to retrofitting residential properties in historically vulnerable areas to:

(1) Enhance those properties' resilience against disaster impacts; and

(2) Reduce potential insurance liabilities.

SECTION 2. The Hawaii Revised Statutes is amended by adding a new chapter to title 13 to be appropriately designated and to read as follows:

## "CHAPTER

**STRENGTHEN HAWAII HOMES ACT**

§ -1 **Short title.** This Act shall be known and may be cited as the Strengthen Hawaii Homes Act.

§ -2 **Definitions.** As used in this chapter:

"Department" means the department of business, economic development, and tourism.



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"Disaster" includes floods, hurricanes, earthquakes, and other causes as determined by the department.

"Historically vulnerable area" means a geographic area identified by historical data to have experienced significant impacts from disasters.

"Nonprofit organization" means an entity that is recognized as a tax-exempt organization under the Internal Revenue Code and is registered to do business in the State.

"Program" means the strengthen Hawaii homes program.

"Residential property" means an owner-occupied, single-family, primary residence in the State. "Residential property" does not include a condominium or mobile home.

**§ -3 Strengthen Hawaii homes program; established. (a)**

There is established within the department the strengthen Hawaii homes program, under which the department shall provide financial support to modify and strengthen existing residential properties located in historically vulnerable areas to improve their resilience to disasters and reduce potential insurance liabilities.

(b) Implementation of the program shall be subject to the availability of funds. The department shall use its best



1 efforts to obtain grants or other funding from the federal  
2 government or other funding sources to supplement any moneys  
3 appropriated by the legislature to the department for the  
4 program.

5 (c) Nothing in this chapter shall be construed as creating  
6 an entitlement for residential property owners or obligating the  
7 State in any way to fund the inspection, construction, or  
8 retrofitting of residential properties.

9 § -4 Grants; applications; eligibility. (a) A grant  
10 application shall be filed with the department in the form and  
11 manner prescribed by the department, along with any applicable  
12 fees.

13 (b) To be eligible for a grant under the program, a person  
14 shall:

- 15 (1) Demonstrate that the person possesses residential  
16 property located in a historically vulnerable area;  
17 provided that, if an application is denied because the  
18 department finds that the property is not located in a  
19 historically vulnerable area, the applicant may appeal  
20 that finding as provided by rule;



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- 1       (2) Establish that the residential property is an
- 2           owner-occupied, single-family, primary residence and
- 3           not a condominium or mobile home;
- 4       (3) Establish that the residential property is in good
- 5           repair; provided that this paragraph shall not
- 6           disqualify residential property that has been damaged
- 7           by a disaster;
- 8       (4) Consult with an evaluator to conduct the property
- 9           evaluation required by section       -6, and submit the
- 10          results of the evaluation to the department;
- 11       (5) Agree to allow the department to inspect or reinspect
- 12           the residential property, including by conducting
- 13           random inspections or reinspections; and
- 14       (6) Meet any other requirements set forth by the
- 15           department for the specific grant the applicant is
- 16           seeking; provided that the department shall not
- 17           establish requirements relating to a residential
- 18           property's insurance coverage.
- 19       (c) The department may require a person to submit
- 20       documentation or a written affirmation to verify that the person
- 21       meets the requirements of subsection (b).



1 (d) Grant applications shall be accepted on a first-come,  
2 first-served basis within each income tier established by the  
3 department.

4 (e) Priority for the award of grants shall be given to  
5 applicants:

6 (1) Whose households have an income of not more than one  
7 hundred sixty per cent of the area median income as  
8 determined by the United States Department of Housing  
9 and Urban Development; and

10 (2) Who meet any other criteria that the department  
11 determines is appropriate to meet the purposes of the  
12 program.

13 (f) Any entity that provides moneys to the program may  
14 establish additional rules and guidelines under which those  
15 moneys may be used; provided that the rules and guidelines do  
16 not violate any state or federal law.

17 (g) The department shall clearly explain the terms of each  
18 grant offered under the program for the purpose of ensuring  
19 transparency and equity in the allocation of funds.

20 (h) Documents, materials, and other information submitted  
21 to the department by residential property owners or insurance



1 companies in support of a grant application shall be  
2 confidential and, notwithstanding any other law to the contrary,  
3 shall not be:

- 4 (1) Subject to disclosure under chapter 92F;
- 5 (2) Subject to subpoena;
- 6 (3) Subject to discovery; or
- 7 (4) Admissible as evidence in any private civil action.

8 **§ -5 Availability of funds for nonprofit organizations.**

9 (a) If the department obtains grants or other funds under rules  
10 that authorize the funds to be issued to nonprofit  
11 organizations, then the department, by contract, may make moneys  
12 available to nonprofit organizations that retrofit residential  
13 properties to resist loss due to disasters.

14 (b) Any contract with a nonprofit organization under this  
15 section shall require the nonprofit organization to agree to:

- 16 (1) Administer the moneys under the same terms that would  
17 be applicable if the moneys were administered by the  
18 department under this chapter; and
- 19 (2) Allow the department, legislative committees and their  
20 staff, and the auditor full access to the nonprofit  
21 organization's records, reports, files, and other



1 related documents and information for the purposes of  
2 monitoring, measuring the effectiveness of, and  
3 ensuring the proper expenditure of funds.

4 **§ -6 Evaluation of residential property by evaluator.**

5 (a) A person who owns residential property and who seeks to  
6 retrofit that residential property under this chapter shall  
7 select an evaluator from a list of evaluators published by the  
8 department pursuant to section -7 to conduct the evaluation  
9 required by subsection (b).

10 (b) The evaluator shall examine the person's residential  
11 property and shall identify all improvements necessary for the  
12 residential property to achieve the following standards:

13 (1) Insurance Institute for Business and Home Safety  
14 fortified roof;

15 (2) Insurance Institute for Business and Home Safety  
16 fortified silver;

17 (3) Insurance Institute for Business and Home Safety  
18 fortified gold; or

19 (4) Any similar standard approved by the department,  
20 or any successor designation; provided that if the evaluator  
21 determines that the residential property is not able to be



1 improved to meet any of the standards described in this  
2 subsection, then the evaluator shall make a determination that  
3 the residential property is not mitigable and the residential  
4 property owner shall not be eligible for a grant under this  
5 chapter.

6 (c) The residential property owner shall pay the evaluator  
7 a fee, which shall be set by the department by rule.

8 § -7 Evaluators; eligibility; listing. (a) To serve as  
9 an evaluator under this chapter, a person shall:

10 (1) Meet all program requirements established under this  
11 chapter or the rules adopted under this chapter;

12 (2) Be in good standing with:

13 (A) The Insurance Institute for Business and Home  
14 Safety and maintain an active Insurance Institute  
15 for Business and Home Safety certification as a  
16 fortified home evaluator; or

17 (B) Another organization approved by the department;

18 (3) Agree to follow program requirements established under  
19 this chapter or the rules adopted under this chapter;

20 (4) Maintain with the department proof that the evaluator:

21 (A) Is registered to do business in the State; and





- 1 (B) Has an active Insurance Institute for Business  
2 and Home Safety fortified home evaluator  
3 certification or other certification approved by  
4 the department;
- 5 (5) Maintain current and accurate contact information with  
6 the department;
- 7 (6) Pay all fees associated with any certifications  
8 required under this chapter, including any training  
9 fees;
- 10 (7) Not have a financial interest in any project which the  
11 person inspects for designation purposes pursuant to  
12 this chapter;
- 13 (8) Not be a contractor or supplier of any materials,  
14 products, or systems installed in any home that the  
15 person inspects for purposes of this chapter;
- 16 (9) Not be a sales agent for any home being designated  
17 under the program;
- 18 (10) Report to the department any conflicts of interest;  
19 and
- 20 (11) Meet any other eligibility requirements established by  
21 the department.



1 (b) The department shall publish and maintain on its  
2 website a list of evaluators who meet the eligibility  
3 requirements of this section.

4 § -8 Use of grant moneys; conditions. (a) The  
5 residential property owner shall hire a contractor who meets the  
6 requirements set forth in section -9 to perform the  
7 improvements necessary for the residential property to achieve  
8 one of the designations specified in section -6(b).

9 (b) A retrofit project for which a grant is issued shall  
10 be completed no later than six months after the date the  
11 residential property owner receives notice of the grant  
12 approval. Failure to complete a project within the required  
13 timeframe may result in the forfeiture of the grant.

14 (c) Grant funds shall not be paid until a certificate has  
15 been issued for the fortified standard, pursuant to rules  
16 adopted by the department. Grant moneys shall be paid by the  
17 department, on behalf of the residential property owner,  
18 directly to the contractor who performed the retrofit work;  
19 provided that the department may delegate payment under this  
20 subsection to another agency.



1 (d) A residential property owner shall be responsible for  
2 any amount that is owed to a contractor that exceeds the amount  
3 of awarded grant moneys.

4 (e) Grant moneys shall not be used for maintenance or  
5 repairs.

6 (f) Notwithstanding subsection (e), grant moneys may be  
7 used in conjunction with repairs or reconstruction necessary to  
8 address damage from a disaster.

9 (g) All retrofit activities shall comply with applicable:

10 (1) Building codes;

11 (2) Permitting and inspection requirements; and

12 (3) Standards established by the Insurance Institute for  
13 Business and Home Safety Fortified Homes Program or  
14 other applicable standard under section -6(b).

15 (h) The department may conduct random inspections of  
16 funds, records, and residential properties for the purposes of  
17 preventing or detecting fraud.

18 § -9 **Contractors; eligibility.** (a) A person receiving  
19 a grant under this chapter shall hire a contractor who meets the  
20 eligibility requirements of subsection (b) to perform the  
21 retrofit work.



1 (b) To be eligible to perform retrofit work under this  
2 chapter, a contractor shall:

3 (1) Be certified by the Insurance Institute for Business  
4 and Home Safety or another organization approved by  
5 the department;

6 (2) Be capable of performing work that satisfies the  
7 standards prescribed by this chapter and any rules  
8 adopted under this chapter;

9 (3) Meet all program requirements established under this  
10 chapter and any rules adopted under this chapter;

11 (4) Maintain with the department proof that the  
12 contractor:

13 (A) Is licensed under chapter 444;

14 (B) Is registered to do business in the State;

15 (C) Maintains a general liability policy of \$500,000  
16 in liability coverage;

17 (D) Maintains workers' compensation as required by  
18 law; and

19 (E) Has an active Insurance Institute for Business  
20 and Home Safety fortified roof contractor  
21 certification or fortified professional



- 1                   certification, or another certification approved  
2                   by the department;
- 3       (5)   Maintain current and accurate contact information with  
4           the department;
- 5       (6)   Have no record of disciplinary action by the  
6           contractors license board;
- 7       (7)   Pay all fees associated with any certifications  
8           required under this chapter, including any training  
9           fees;
- 10      (8)   Agree to follow all policies and procedures required  
11       by the department;
- 12      (9)   Not have a financial interest in any project funded by  
13       the program for which the contractor is performing  
14       work, other than receiving payment on behalf of the  
15       homeowner from the program;
- 16      (10)   Report to the department any conflicts of interest  
17       before work commences;
- 18      (11)   Not be the evaluator for any project funded under the  
19       program; and
- 20      (12)   Meet any other eligibility requirements established by  
21       the department.



1 (c) The department shall not endorse or provide  
2 preferential treatment to any contractor.

3 § -10 Strengthen Hawaii homes program special fund. (a)

4 There is established the strengthen Hawaii homes program special  
5 fund, into which shall be deposited:

6 (1) Federal moneys received for the program or designated  
7 for deposit into the special fund;

8 (2) Monies received by the department from grants or other  
9 funding sources designated for deposit into the  
10 special fund;

11 (3) Fees collected pursuant to this chapter;

12 (4) Appropriations by the legislature into the special  
13 fund;

14 (5) Any interest earned on moneys in the special fund; and

15 (6) Moneys from any other sources designated for deposit  
16 into the special fund.

17 (b) Moneys from the strengthen Hawaii homes program  
18 special fund, subject to the availability of moneys in the fund,  
19 including from federal sources, grants, and other contributions,  
20 shall be available to the department for the purposes of the



1 program. Expenditures from the fund shall comply with the  
2 requirements of this chapter.

3       §   **-11 Annual reports.** No later than twenty days prior  
4 to the convening of each regular session, the department shall  
5 submit a report to the legislature that includes:

6           (1) The number of homes retrofitted under the program  
7               during the previous year;

8           (2) Revenues and expenditures from the strengthen Hawaii  
9               homes program special fund;

10          (3) Changes in vulnerability and insurance accessibility  
11               observed by the department, including short-term and  
12               long-term trends; and

13          (4) Any other findings and recommendations, including any  
14               proposed legislation.

15       §   **-12 Rules.** (a) The department shall adopt rules  
16 pursuant to chapter 91 necessary to implement this chapter,  
17 including rules that address eligibility requirements,  
18 application procedures, procedures for appeals, conditions on  
19 the use of funds, and fees."

20       SECTION 3. There is appropriated out of the strengthen  
21 Hawaii homes program special fund the sum of \$               or so



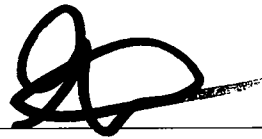
1 much thereof as may be necessary for fiscal year 2025-2026 for  
2 the strengthen Hawaii homes program.

3 The sum appropriated shall be expended by the department of  
4 business, economic development, and tourism for the purposes of  
5 this Act.

6 SECTION 4. This Act shall take effect on July 1, 2025.

7

INTRODUCED BY: \_\_\_\_\_

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# S.B. NO. 1560

**Report Title:**

DBEDT; Strengthen Hawaii Homes Act; Housing; Disaster  
Resiliency; Grants; Special Fund; Appropriation

**Description:**

Establishes the strengthen Hawaii homes program within the Department of Business, Economic Development, and Tourism to administer grants to retrofit residential properties located in historically vulnerable areas to enhance resilience against disaster impacts and reduce potential insurance liabilities. Establishes the strengthen Hawaii homes program special fund. Appropriates moneys from the special fund.

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