

ACT 309

H.B. NO. 431

A Bill for an Act Relating to Housing.

Be It Enacted by the Legislature of the State of Hawaii:

PART I

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

“§346- Kauhale projects; requirements. (a) Any kauhale projects constructed or developed using state funds shall be connected to public utilities, including water, sewer, and electricity.

(b) The monthly rent charged to any resident of a kauhale shall not exceed thirty per cent of the area median income.

(c) If funds appropriated for construction and development of a kauhale project are used to contract for the procurement of building services and projects related to the kauhale initiative, there shall be at least two bidders for any kauhale project estimated to be over \$1,000,000.

(d) The office shall conduct and complete a community consultation process prior to the construction and development of any kauhale project.

(e) Should any portion of the funds appropriated for the construction of a kauhale project be used for purposes inconsistent with the intent of the kauhale initiative or the construction is phased out and the kauhale project is contracted with a private entity, the State shall have the first right to recoup and reclaim all or a portion of the appropriated funds.

§346- Kauhale; reports. (a) The office shall establish the following:

- (1) The evaluation criteria and process that the office shall use each year when reviewing the success and sustainability of the kauhale; and
 - (2) Monitoring and oversight controls over the kauhale to identify, address, and prevent possible fraud, waste, and abuse and ensure compliance with federal, state, and local laws.
- (b) The coordinator shall compile and consolidate information from the office and submit a report to the legislature no later than twenty days prior to the convening of each regular session, which shall include:
- (1) Data on the number of beds, occupancy, duration of stay, types of services provided, and next planned destination of participants who left the kauhale;
 - (2) An evaluation of the kauhale to determine whether the objectives set have been met or exceeded; and
 - (3) Any proposed changes that need to be made to the performance measures used to assess the achievement of program goals.”

SECTION 2. Section 346-385, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

““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.”

SECTION 3. (a) The auditor shall conduct a management and performance audit of the kauhale initiative.

(b) The auditor shall submit the audit with any findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2026.

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of \$18,575,000 or so much thereof as may be necessary for fiscal year 2025-2026 and \$24,325,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the continued operation of the kauhale initiative, including expenses related to:

- (1) The development and operation of kauhale;
- (2) The provision of project-based rent supplement payments;
- (3) The provision of support services for qualified individuals and families in kauhale;
- (4) Staffing and related costs to administer the kauhale initiative;
- (5) Addressing basic needs of individuals and families experiencing homelessness;
- (6) Wrap around services;
- (7) Social and health care services;

- (8) Transportation; and
- (9) Other services with the goal of alleviating poverty and transitioning individuals and families experiencing homelessness or housing instability into supportive or affordable housing.

The sums appropriated shall be expended by the department of human services for the purposes of this part.

PART II

SECTION 5. Chapter 346, Hawaii Revised Statutes, is amended by adding a new section to subpart B of part XVIII to be appropriately designated and to read as follows:

“§346- Ohana zones program; establishment; reports. (a) There is established within the office the ohana zones program to provide temporary housing and services to homeless individuals and families based on principles similar to the housing first program.

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

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

- (1) If any public land under the jurisdiction of a state or county agency is determined to be suitable for use as an ohana zone, the office shall:

- (A) Work with the appropriate state or county agency that controls the land to transfer the land designated for use as an ohana zone to an agency whose mission is more suited to the management of ohana zones; and

- (B) Work with the appropriate state or county agency that controls the land and its construction agency to ensure that an ohana zone's infrastructure needs are met and minimize adverse impacts to the environment, including to nearshore resources, such as corals, reef fish, and seabirds;

- (2) Use of any private lands determined to be suitable for use as an ohana zone shall be for limited purposes and require a written agreement between the private land owner and any state or county agency that any structure built with public funds may be moved or is temporary; provided further that if the land ceases to be used for an ohana zone or low-income housing before the time specified in the agreement, the state or county agency may choose to move the structure off the private land to a location of the state or county agency's choosing; and

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

- (A) Provide drinking water and electricity; and

- (B) Process sewage, without existing infrastructure; provided further that ohana zone sites with the ability to hook up to electricity, water, and sewer shall be preferred when considering ohana zone sites; provided further that connections to these utilities shall be made as soon as the project is able, unless there is a more cost-effective renewable energy option.

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

- (1) Secure dwelling spaces that:
 - (A) May be private or communal;
 - (B) Have access to toilets, showers, and other hygiene facilities; and
 - (C) Have access to an area for food storage and meal preparation;
- (2) Medical and social support services; and
- (3) Transportation to appointments related to medical care or supportive services that are not available onsite.
- (e) The office shall establish the following:
 - (1) The evaluation criteria and process that the office shall use each year when reviewing the success and sustainability of the ohana zones; and
 - (2) Monitoring and oversight controls over the ohana zones to identify, address, and prevent possible fraud, waste, and abuse and ensure compliance with federal, state, and local laws.
- (f) The coordinator shall compile and consolidate information from the office to effectuate this section and submit a report to the legislature no later than twenty days prior to the convening of each regular session, which shall include:
 - (1) Data on the number of beds, occupancy, duration of stay, types of services provided, and next planned destination of participants who left the ohana zone;
 - (2) An evaluation of the ohana zones to determine whether the objectives set have been met or exceeded; and
 - (3) Any proposed changes that need to be made to the performance measures used to assess the achievement of program goals.”

SECTION 6. Section 346-385, Hawaii Revised Statutes, is amended by adding a new definition to be appropriately inserted and to read as follows:

““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.”

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,525,000 or so much thereof as may be necessary for fiscal year 2025-2026 and \$5,855,000 or so much thereof as may be necessary for fiscal year 2026-2027 for the continued implementation of the ohana zones pilot program established under Act 209, Session Laws of Hawaii 2018.

The sums appropriated shall be expended by the department of human services for the purposes of this part.

PART III

SECTION 8. (a) The statewide office on homelessness and housing solutions shall submit a report to the legislature every four months detailing the expenditure of funds appropriated pursuant to this Act, as well as any appropriations made toward the kauhale or ohana zones initiatives. Each report shall include:

- (1) A list of all contracts executed during the preceding quarter;
- (2) Supporting documentation detailing the use of funds; and

- (3) A status update on all operations and buildings using any allocated funds made by the State for the preceding quarter.

(b) The statewide office on homelessness and housing solutions shall conduct a comprehensive needs assessment on the services, temporary housing, permanent housing, and continuum of care within each county with a plan to address the outstanding needs in the most cost-effective manner. The office shall submit a report of its findings and recommendations, including any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2026.

PART IV

SECTION 9. Section 346-381.5, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~§346-381.5~~]]~~ ~~[Governor’s coordinator]~~ Coordinator on homelessness. The governor shall appoint the ~~[governor’s]~~ coordinator on homelessness for the proper administration and enforcement of this chapter without regard to chapter 76.”

SECTION 10. Section 346-382, Hawaii Revised Statutes, is amended by amending subsection (a) to read as follows:

“(a) The Hawaii interagency council on homelessness shall be composed of the following members or the member’s designee:

- (1) ~~[Governor’s coordinator]~~ Coordinator on homelessness, who shall serve as chair;
- (2) Director of human services;
- (3) Administrator of the homeless programs office of the department of human services;
- (4) Director of health;
- (5) Director of labor and industrial relations;
- (6) Director of law enforcement;
- (7) Director of business, economic development, and tourism;
- (8) Chairperson of the Hawaiian homes commission;
- (9) Adjutant general;
- (10) Chairperson of the board of trustees of the office of Hawaiian affairs;
- (11) Attorney general;
- (12) Superintendent of education;
- (13) Two members of the house of representatives to be designated by the speaker of the house of representatives, of whom one member shall be designated by the speaker of the house of representatives to serve as an alternate member on the Hawaii interagency council on homelessness to serve in the other member’s absence;
- (14) Two members of the senate to be designated by the president of the senate, of whom one member shall be designated by the president of the senate to serve as an alternate member on the Hawaii interagency council on homelessness to serve in the other member’s absence;
- (15) A representative of the Hawaii public housing authority;
- (16) The mayor of each county;
- (17) A representative of the continuum of care programs in each county, to be designated by the respective mayors;

- (18) A representative of the United States Department of Veterans Affairs who shall be requested to serve by the governor;
- (19) A representative from the Office of Community Planning and Development, United States Department of Housing and Urban Development, who shall be requested to serve by the governor;
- (20) A representative of a faith-based organization with interfaith relationships, to be designated by the governor; and
- (21) A representative of the business community, to be designated by the governor.”

SECTION 11. Section 346-385, Hawaii Revised Statutes, is amended as follows:

- 1. By adding a new definition to be appropriately inserted and to read: ““Director” means the director of human services.”
- 2. By amending the definition of “coordinator” to read: ““Coordinator” means the [governor’s] coordinator on homelessness as provided in section 346-381.5.”

SECTION 12. Section 346-387, Hawaii Revised Statutes, is amended by amending its title and subsections (a) and (b) to read as follows:

“[H]§346-387[H] Administration. (a) The office shall be headed by the [governor’s] coordinator on homelessness, appointed pursuant to section 346-381.5, for the proper administration and enforcement of this subpart.

(b) The coordinator shall report directly to the [governor] director and appoint staff as may be necessary.”

PART V

SECTION 13. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.¹

SECTION 14. This Act shall take effect on July 1, 2025.

(Approved July 9, 2025.)

Note

- 1. Edited pursuant to HRS §23G-16.5.