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# A BILL FOR AN ACT

RELATING TO HOUSING.

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

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PART I

SECTION 1. The legislature finds that homelessness is one of the most pressing problems in Hawai'i, and it requires a robust, comprehensive, long-term solution to address Hawai'i's affordable housing and homelessness crisis once and for all.

Nearly fifty years ago, in 1970, the State of Hawai'i issued a report stating that Hawai'i had been experiencing a "serious housing problem for many years" which had by then "become a crisis." In the decades since, the problem has become worse. Over the last fifty years, the number of cost-burdened renters, those paying more than thirty per cent of their income for rent, went from less than a quarter of the population to over half of the population. High housing costs have driven more Hawai'i residents into homelessness; and Hawai'i now has the highest homelessness rate in the nation.



1 By making smart investments in homelessness programs and  
2 housing, using data-driven practices, and improving  
3 coordination, Hawai'i has gradually begun to turn the tide on the  
4 homelessness crisis. In 2017, Hawai'i's homelessness rate went  
5 down for the first time in years, a trend that continued in  
6 2018. In 2018, the legislature made unprecedented levels of  
7 investment in low-income housing and homelessness programs,  
8 appropriating \$200,000,000 for the rental housing revolving  
9 fund, \$30,000,000 for ohana zones, and \$13,500,00 for proven-  
10 effective and promising homelessness programs.

11 To turn back the fifty years of growth in Hawai'i's housing  
12 and homelessness crisis, investments of this scale must be made  
13 consistently in the coming years. Hawai'i must prioritize  
14 programs that are the most cost-effective and target the most  
15 vulnerable populations, such as permanent supportive housing  
16 programs that generate overall cost-savings by addressing the  
17 chronically homeless population, currently costly consumers of  
18 emergency services. By investing \$75,000,000 each year for the  
19 next ten years, Hawai'i can house and provide services to all  
20 1,600 of its chronically homeless individuals; saving over  
21 \$2,000,000,000 during that ten-year period. Initial investments



1 in this plan should go to construction of permanent supportive  
2 housing units, while subsequent investments will go toward  
3 vouchers and services.

4       Additionally, the State needs to continue to invest in low-  
5 income housing generally. Forty-seven per cent of housing  
6 demand is for Hawai'i households making under \$45,000 annually.  
7 Seventy-four per cent of housing demand is for Hawai'i households  
8 making under \$75,000 per year. Funding the rental housing  
9 revolving fund to build housing at these affordability levels is  
10 critically important.

11       Furthermore, to create more housing using available  
12 resources, the State needs to experiment with innovative  
13 solutions, such as using ultra-low-cost modular housing, rather  
14 than relying on traditional building methods and housing models.  
15 The State cannot hope to radically change the housing and  
16 homelessness problems that have been growing for decades without  
17 radically changing its approach and level of investment.

18       The investments in this Act toward the development of low-  
19 income housing and prioritizing permanent supporting housing are  
20 part of a comprehensive, long-term legislative strategy to end  
21 homelessness.



1           The purpose of this Act is to authorize the issuance of  
2 general obligation bonds and appropriate funds to finance the  
3 construction of housing units.

4   PART II

5           SECTION 2. The director of finance is authorized to issue  
6 general obligation bonds in the sum of \$125,000,000 or so much  
7 thereof as may be necessary and the same sum or so much thereof  
8 as may be necessary is appropriated for fiscal year 2019-2020 to  
9 be deposited into the rental housing revolving fund.

10          SECTION 3. There is appropriated out of the rental housing  
11 revolving fund the sum of \$125,000,000 or so much thereof as may  
12 be necessary for fiscal year 2019-2020 for the purposes of the  
13 rental housing revolving fund as set forth in section 201H-202,  
14 Hawaii Revised Statutes; provided that one of the considerations  
15 for the use of the funds shall be on whether the housing  
16 financed in whole or in part by the funds shall use low-cost  
17 modular construction as a means of developing more housing units  
18 for lower costs than what could be accomplished using  
19 traditional construction methods.

20          All housing and housing units financed and developed with  
21 funds derived from the general obligation bonds authorized



1 pursuant to this part shall be reasonably safe, secure, and  
2 comfortable permanent private dwelling units fit for human  
3 habitation. All individuals and families who occupy housing  
4 financed and developed pursuant to this part shall be afforded  
5 the same liberties and rights with regard to occupancy of  
6 housing according to generally-accepted norms in the United  
7 States for persons not affected by homelessness, including the  
8 reasonable expectation of privacy and the right to exclude  
9 others from the housing or dwelling unit.

10 SECTION 4. The appropriation made for the capital  
11 improvement project authorized by this Act shall not lapse at  
12 the end of the fiscal biennium for which the appropriation is  
13 made; provided that all moneys from the appropriation  
14 unencumbered as of June 30, 2022, shall lapse as of that date.

15 SECTION 5. The sums appropriated shall be expended by the  
16 Hawai'i housing finance and development corporation for the  
17 purposes of this Act.

18 PART III

19 SECTION 6. (a) The Hawaii housing finance and development  
20 corporation shall provide loans or grants for the development of  
21 permanent supportive housing for eligible individuals and



1 families who experience chronic homelessness pursuant to this  
2 part.

3 (b) All housing and housing units financed and developed  
4 with funds derived from the general obligation bonds authorized  
5 pursuant to this part shall be reasonably safe, secure, and  
6 comfortable permanent private dwelling units fit for human  
7 habitation. All individuals and families who occupy housing  
8 financed and developed pursuant to this part shall be afforded  
9 the same liberties and rights with regard to occupancy of  
10 housing according to generally-accepted norms in the United  
11 States for persons not affected by homelessness, including the  
12 reasonable expectation of privacy and the right to exclude  
13 others from the housing or dwelling unit.

14 (c) An individual or family shall be eligible for  
15 permanent supportive housing financed and developed pursuant to  
16 this part if:

17 (1) The individual or at least one adult member of the  
18 household has been sleeping in a place not meant for  
19 human habitation or in an emergency shelter  
20 continuously for at least one year or has had a least  
21 four episodes of homelessness, where the individual



1           habitually slept in a place not meant for human  
2           habitation or in an emergency shelter, in the past  
3           three years; and

4           (2) The individual or at least one adult member of the  
5           household has a disability, including severe mental  
6           illness or substance abuse.

7           (d) Supportive housing financed and developed pursuant to  
8 this part shall:

9           (1) Not require a person with a mental illness to undergo  
10          treatment as a requirement for housing;

11          (2) Not require a person with a substance abuse disorder  
12          to achieve sobriety or maintain abstinence as a  
13          requirement for housing;

14          (3) Provide robust support services for program  
15          participants that are predicated on assertive  
16          treatment rather than coercion;

17          (4) Embrace harm-reduction approaches in collaboration  
18          with prevention and early intervention approaches,  
19          including a spectrum of multiple opportunity  
20          strategies ranging from safer use to abstinence, to  
21          reduce the impact of substance abuse disorders and



1 provide critical links to deepen the impact of and  
2 participation in available services and programs for  
3 populations at the greatest risk;

4 (5) Provide program participants with leases and tenant  
5 protections as provided by chapter 521, Hawaii Revised  
6 Statutes, and other state and federal law; and

7 (6) Permit program participants to reside in the home  
8 permanently, subject to sufficient program funding and  
9 tenant compliance with applicable law, rules, and  
10 house or program requirements, or until replacement  
11 housing is acquired.

12 SECTION 7. There is appropriated out of the general  
13 revenues of the State of Hawai'i the sum of \$75,000,000 or so  
14 much thereof as may be necessary for fiscal year 2019-2020 and  
15 the same sum or so much thereof as may be necessary for fiscal  
16 year 2020-2021 for the Hawai'i housing finance and development  
17 corporation for the development and construction of new units to  
18 be used as permanent supportive housing; provided that one of  
19 the considerations for the use of funds for permanent support  
20 housing shall be whether the housing financed in whole or in  
21 part by the funds use low-cost modular construction as a means





1 of developing more housing units for lower costs than what could  
2 be accomplished using traditional construction methods.

3 The sum appropriated shall be expended by the Hawai'i  
4 housing finance and development corporation for the purposes of  
5 this Act.

6 PART IV

7 SECTION 8. This Act shall take effect upon its approval.  
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JAN 18 2019



# H.B. NO. 476

**Report Title:**

Housing; Homelessness; Rental Housing Revolving Fund; Permanent Supporting Housing; General Obligation Bond; Appropriation

**Description:**

Authorizes the issuance of \$125,000,000 of general obligation bonds. Appropriates \$125,000,000 to the Rental Housing Revolving Fund for construction of low-income housing. Appropriates \$75,000,000 for the construction of Permanent Supportive Housing units.

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

