
A BILL FOR AN ACT

RELATING TO HOUSING.

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

1 PART I

2 SECTION 1. The legislature finds that Hawaii has the
3 highest homelessness rate per capita in the nation. The 2024
4 Point In Time Count showed a total of 6,389 people experiencing
5 homelessness in the State. The majority of the homeless are on
6 Oahu with 4,494, followed by Hawaii with seven hundred eighteen,
7 Maui with six hundred fifty-four, and Kauai with five hundred
8 twenty-three homeless individuals. Between 2023 and 2024, there
9 was a twelve per cent increase in the number of people
10 experiencing homelessness on Oahu. Sixty-two per cent of Oahu's
11 homeless were unsheltered, and thirty-eight per cent were
12 sheltered.

13 The legislature under Act 209, Session Laws of Hawaii 2018,
14 established the ohana zones pilot program, which initially
15 appropriated \$30,000,000 to fund nonprofit and county government
16 programs aimed to reduce homelessness. Act 128, Session Laws of
17 Hawaii 2019, expanded the use of ohana zone funds to include



1 private lands and appropriated \$2,000,000 for the construction
2 of modular temporary units, renovation of existing structures on
3 public lands, or creation of infrastructure to make land
4 suitable for temporary housing. The ohana zones pilot program
5 was extended from 2021 to 2023. The legislature finds that in
6 addition to the six mandated housing sites in the ohana zones
7 pilot program, fourteen additional programs were established.

8 Act 235, Session Laws of Hawaii 2022, further extended the
9 ohana zones pilot program through June 30, 2026, and provided an
10 additional \$15,000,000 to fund services. In 2023, the
11 legislature also set aside \$5,000,000 to fund a supportive
12 housing pilot program, designed to address individuals with
13 special housing needs, including individuals with alcohol or
14 drug addiction, individuals transitioning from incarceration,
15 youth aging out of foster care, domestic violence survivors,
16 veterans, individuals with intellectual, developmental, physical
17 disabilities, or mental illness, frail elderly, and chronically
18 homeless individuals. In 2023, the legislature also set aside
19 \$25,000,000 to fund the kauhale initiative to create deeply
20 affordable spaces for housing and healing the houseless. At
21 that time, kauhale was defined as "communal living spaces, with



1 modest housing units for individual households and shared space
2 for cooking, eating, recreation, growing food, and engaging in
3 group activities". As proposed, kauhale was envisioned as
4 "prefabricated homes, or other modest, low-cost housing unit,"
5 but "could also be created in an existing apartment, dormitory,
6 or office building, so long as there is communal space and an
7 investment in building communal responsibility." Over time, the
8 kauhale initiative has evolved to a range of responses for
9 homeless individuals and families and those at risk of
10 homelessness. Kauhale now include temporary, time limited
11 options such as emergency shelter, medical respite, and mobile
12 outreach and navigation, as well as long term solutions such as
13 supportive housing and affordable housing targeting extremely
14 low-income households.

15 The legislature further finds that among the important
16 principles of the State's kauhale initiative is building
17 partnerships between government and community, providing
18 affordable spaces for housing and healing, and fostering
19 belonging and responsibility. Every kauhale is a partnership
20 between government and community with flexible state funding



1 used to empower community champions to fill resource gaps where
2 needed.

3 The legislature also finds that to ensure there is capacity
4 within the State to meet the needs for long-term solutions to
5 homelessness and the risk of homelessness, it is necessary for
6 the State to develop the capacity of its affordable housing
7 financing and development agency to work with developers to
8 create additional supportive housing units.

9 Accordingly, the purpose of this Act is to:

- 10 (1) Appropriate funds for the continued implementation of
11 the kauhale initiative;
- 12 (2) Create the supportive housing special fund to assist
13 the Hawaii housing finance and development corporation
14 to facilitate the development of mixed-income rental
15 housing projects in which some or all the units are
16 targeted to special needs individuals or families who
17 require supportive services; and
- 18 (3) Create a kauhale initiative special fund to assist the
19 statewide office of homelessness and housing solutions
20 to implement the kauhale initiative.

21 PART II



1 SECTION 2. There is appropriated out of the general
2 revenues of the State of Hawaii the sum of \$50,000,000 or so
3 much thereof as may be necessary for fiscal year 2025-2026 and
4 the same sum or so much thereof as may be necessary for fiscal
5 year 2026-2027 for the continued operation of the kauhale
6 initiative including expenses related to the development and
7 operation of kauhale, provision of project-based rent supplement
8 payments, provision of support services for qualified
9 individuals and families in kauhale, and staffing and related
10 costs to administer the kauhale initiative.

11 The sums appropriated shall be expended by the office of
12 the governor for the purposes of this Act.

13 Notwithstanding any other law to the contrary, the governor
14 may transfer all or a portion of the appropriation in this part
15 to the governor's designated executive branch departments or
16 agencies, including the statewide office on homelessness and
17 housing solutions for expenditures incurred to implement the
18 program.

19 The governor's designated executive branch departments or
20 agencies may expend any appropriation transferred pursuant to



1 this part for the performance of their duties under the kauhale
2 initiative.

3 The sums appropriated under this section shall not lapse at
4 the end of the fiscal biennium for which the appropriation is
5 made.

6 PART III

7 SECTION 3. The legislature finds that combining affordable
8 housing with access to services to help special needs
9 populations, such as individuals with alcohol or drug addiction,
10 individuals transitioning from incarceration, youth aging out of
11 foster care, domestic violence survivors, veterans, individuals
12 with intellectual, developmental, physical disabilities, or
13 mental illness, frail elderly, and chronically homeless
14 individuals, live more stable and productive lives.

15 The legislature further finds that the Hawaii housing
16 finance and development corporation administers various programs
17 to finance mixed-income rental housing developments. Creating a
18 new financing tool specifically for supportive housing will
19 enable the Hawaii housing finance and development corporation to
20 facilitate the development of supportive housing units in stand-



1 alone projects or integrated in mixed-income rental housing
2 projects.

3 The purpose of this part is to:

- 4 (1) Establish a supportive housing special fund to be
5 administered by the Hawaii housing finance and
6 development corporation;
- 7 (2) Appropriate funds to support the development,
8 operation, and maintenance of supportive housing, as
9 well as the provision of supportive services; and
- 10 (3) Establish, within the Hawaii housing finance and
11 development corporation, one full-time equivalent (1.0
12 FTE) housing finance specialist I position to help
13 with the administration of the supportive housing
14 special fund.

15 SECTION 4. Chapter 201H, Hawaii Revised Statutes, is
16 amended by adding a new subpart to part III to be appropriately
17 designated and to read as follows:

18 " . Supportive Housing Special Fund

19 **§201H- Supportive housing special fund.** (a) There is
20 established a supportive housing special fund to be administered
21 by the corporation for the purpose of developing, operating, and



1 maintaining affordable, permanent housing and the provision of
2 supportive services for individuals or families with special
3 needs.

4 (b) Moneys in the fund may be used to:

- 5 (1) Make loans to finance the development, pre-
6 development, construction, acquisition, preservation,
7 or substantial rehabilitation of supportive housing
8 projects;
- 9 (2) Make project-based rental assistance payments;
- 10 (3) Make payments for supportive services for households
11 residing in the supportive housing projects; and
- 12 (4) For other housing services or activities as provided
13 in rules adopted by the corporation without regard to
14 chapter 91.

15 (c) The fund may include sums appropriated by the
16 legislature, private contributions, proceeds from repayment of
17 loans, interest, fees, other returns, and moneys from other
18 sources.

19 (d) An amount from the fund, to be set by the corporation
20 and authorized by the legislature, may be used for
21 administrative expenses incurred by the corporation in



1 administering the fund; provided that moneys in the fund shall
2 not be used to finance day-to-day administrative expenses of the
3 projects allotted moneys from the fund.

4 (e) The corporation shall consult with the counties and
5 community-based organizations to leverage funds and obtain input
6 on selection of projects.

7 (f) The corporation may contract with other executive
8 branch departments or agencies, the counties, or private or
9 nonprofit organizations as necessary for the provision of
10 supportive housing and services. The corporation shall be
11 exempt from chapter 103D in selecting a qualified private or
12 nonprofit organization to assist with the development and
13 maintenance of supportive housing and provision of rental
14 assistance and supportive services. The corporation may,
15 without regard to chapter 91 establish rules and qualification
16 standards for participants of the supportive housing program.

17 (g) The corporation may establish, revise, charge, and
18 collect a reasonable service fee, as necessary, in connection
19 with its financing, services, and approvals under this subpart.
20 The fees shall be deposited into the supportive housing special
21 fund.



(h) The corporation shall submit a report to the legislature no later than twenty days prior to the convening of each regular session describing the projects funded using moneys from the supportive housing special fund.

§201H- Additional powers. The powers conferred upon the corporation by this subpart shall be in addition and supplemental to the powers conferred by any other law, and nothing in this subpart shall be construed as limiting any powers, rights, privileges, or immunities conferred."

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$12,000,000 or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 to be deposited into the supportive housing special fund.

SECTION 6. There is appropriated out of the supportive housing special fund the sum of \$12,000,000 or so much thereof as may be necessary for fiscal year 2025-2026 and the same sum or so much thereof as may be necessary for fiscal year 2026-2027 for:



(1) The financing of the development, operation, and maintenance of affordable, supportive housing projects and the provision of supportive services for households with special needs who reside in the supportive housing projects; and

(2) \$189,750 for the establishment and hiring of one temporary full-time equivalent (1.0 FTE) housing finance specialist I within the Hawaii housing finance and development corporation to help with administration of the special fund.

The sum appropriated shall be expended by the Hawaii Housing finance and development corporation.

PART IV

SECTION 7. The legislature finds that the statewide office on homelessness and housing solutions is responsible for working with State, county, and community agencies to develop solutions to prevent and end homelessness in the State through transitional and permanent housing and supportive or assisted services, or both. As such, the statewide office on homelessness and housing solutions has taken the lead in implementing the kauhale initiative that offers a range of



1 short- and long-term responses to provide affordable spaces for
2 housing and healing and fostering belonging and responsibility
3 in partnership with other governmental entities and the
4 community.

5 The purpose of this part is to establish a kauhale
6 initiative special fund to assist in implementing the kauhale
7 initiative.

8 SECTION 8. Chapter 346, Hawaii Revised Statutes, is
9 amended by adding two new sections to part XVIII, subpart B, to
10 be appropriately designated and to read as follows:

11 **"§346- Kauhale initiative special fund. (a) There is**
12 **established a kauhale initiative special fund to be administered**
13 **by the office for the purpose of administering the kauhale**
14 **initiative.**

15 **(b) Moneys in the fund shall be used for the purposes of**
16 **the kauhale initiative.**

17 **(c) The fund may include sums appropriated by the**
18 **legislature, program revenues, private contributions, interest,**
19 **and moneys from other sources.**

20 **(d) The office shall submit a report to the legislature no**
21 **later than twenty days prior to the convening of each regular**



session describing the deposits to and uses of moneys from the
kauhale initiative special fund.

§346- Additional powers. The powers conferred upon the
office by this subpart shall be in addition and supplemental to
the powers conferred by any other law, and nothing in this
subpart shall be construed as limiting any powers, rights,
privileges, or immunities conferred."

PART V

SECTION 9. New statutory material is underscored.

SECTION 10. This Act shall take effect on June 29, 2025;
 provided that sections 2, 5, and 6 shall take effect on July 1,
 2025.

INTRODUCED BY:

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H.B. NO. 431

Report Title:

Housing; Kauhale Initiative; Supportive Housing Special Fund;
Kauhale Initiative Special Fund; Appropriation

Description:

Appropriates funds for the Kauhale Initiative. Establishes and appropriates funds into and out of the Supportive Housing Special Fund. Establishes the Kauhale Initiative Special Fund.

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

