
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) Appropriate funds to assist the statewide office of
19 homelessness and housing solutions to implement the
20 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 \$ 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 PART III

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

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

20 The purpose of this part is to:



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

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

15 " . Supportive Housing Special Fund

16 **§201H- Supportive housing special fund.** (a) There is
17 established a supportive housing special fund to be administered
18 by the corporation for the purpose of developing, operating, and
19 maintaining affordable, permanent housing and the provision of
20 supportive services for individuals or families with special
21 needs.



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

2 (1) Make loans to finance the development, pre-
3 development, construction, acquisition, preservation,
4 or substantial rehabilitation of supportive housing
5 projects;

6 (2) Make project-based rental assistance payments;

7 (3) Make payments for supportive services for households
8 residing in the supportive housing projects; and

9 (4) For other housing services or activities as provided
10 in rules adopted by the corporation without regard to
11 chapter 91.

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

16 (d) An amount from the fund, to be set by the corporation
17 and authorized by the legislature, may be used for
18 administrative expenses incurred by the corporation in
19 administering the fund; provided that moneys in the fund shall
20 not be used to finance day-to-day administrative expenses of the
21 projects allotted moneys from the fund.



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

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

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

19 (h) The corporation shall submit a report to the
20 legislature no later than twenty days prior to the convening of



1 each regular session describing the projects funded using moneys
2 from the supportive housing special fund.

3 **§201H- Additional powers.** The powers conferred upon
4 the corporation by this subpart shall be in addition and
5 supplemental to the powers conferred by any other law, and
6 nothing in this subpart shall be construed as limiting any
7 powers, rights, privileges, or immunities conferred."

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

14 SECTION 6. There is appropriated out of the supportive
15 housing special fund the sum of \$ or so much thereof
16 as may be necessary for fiscal year 2025-2026 and the same sum
17 or so much thereof as may be necessary for fiscal year 2026-2027
18 to be expended as follows:

19 (1) \$ for the financing of the development,
20 operation, and maintenance of affordable, supportive
21 housing projects and the provision of supportive



1 services for households with special needs who reside
2 in the supportive housing projects; and
3 (2) \$ for the establishment and hiring of one
4 temporary full-time equivalent (1.0 FTE) housing
5 finance specialist I within the Hawaii housing finance
6 and development corporation to help with
7 administration of the special fund.

8 The sums appropriated shall be expended by the Hawaii
9 Housing finance and development corporation.

10 PART IV

11 SECTION 7. The legislature finds that the statewide office
12 on homelessness and housing solutions is responsible for working
13 with State, county, and community agencies to develop solutions
14 to prevent and end homelessness in the State through
15 transitional and permanent housing and supportive or assisted
16 services, or both. As such, the statewide office on
17 homelessness and housing solutions has taken the lead in
18 implementing the kauhale initiative that offers a range of
19 short- and long-term responses to provide affordable spaces for
20 housing and healing and fostering belonging and responsibility



1 in partnership with other governmental entities and the
2 community.

3 The purpose of this part is to appropriate funds to assist
4 the statewide office on homelessness and housing solutions in
5 implementing the kauhale initiative.

6 SECTION 8. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so
8 much thereof as may be necessary for fiscal year 2025-2026 and
9 the same sum or so much thereof as may be necessary for fiscal
10 year 2026-2027 to assist the statewide office on homelessness
11 and housing solutions in implementing the kauhale initiative.

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

14 PART V

15 SECTION 9. New statutory material is underscored.

16 SECTION 10. This Act shall take effect on June 29, 3000;
17 provided that sections 2, 5, and 6 shall take effect on July 1,
18 3000.



H.B. NO. 431 H.D. 1

Report Title:

Housing; Kauhale Initiative; Supportive Housing Special Fund;
Appropriation

Description:

Appropriates funds for the Kauhale Initiative. Establishes and appropriates funds into and out of the Supportive Housing Special Fund. Effective 6/29/3000. (HD1)

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