

ACT 95

H.B. NO. 1397

A Bill for an Act Relating to Supportive Housing.

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

SECTION 1. In accordance with section 9 of article VII of the Hawaii State Constitution and sections 37-91 and 37-93, Hawaii Revised Statutes, the legislature has determined that the appropriations contained in H.B. No. 300, H.D. 1, S.D. 1, C.D. 1,¹ and this Act will cause the state general fund expenditure ceiling for fiscal year 2023-2024 to be exceeded by \$1,068,767,367 or eleven per cent. This current declaration takes into account general fund appropriations authorized for fiscal year 2023-2024 in H.B. No. 300, H.D. 1, S.D. 1, C.D. 1,¹ and this Act only. The reasons for exceeding the general fund expenditure ceiling are that:

- (1) The appropriations made in this Act are necessary to serve the public interest; and
- (2) The appropriations made in this Act meet the needs addressed by this Act.

SECTION 2. The legislature finds that supportive housing is an innovative and proven solution to some of the nation's toughest community problems. It combines affordable housing with access to services to help special needs populations, such as chronically homeless individuals and families, individuals with intellectual, developmental, physical or severe mental disabilities, individuals transitioning from incarceration, emancipated foster youth, individuals with an alcohol or drug addiction, and frail elderly individuals, live more stable and productive lives.

According to the Corporation for Supportive Housing, a nonprofit organization that has impacted over two hundred thousand individuals in more than three hundred cities across forty-eight states and the United States Virgin Islands, supportive housing generates significant cost savings to public systems. Cost studies in six different states and cities found that supportive housing results in tenants' decreased use of shelters, hospitals, emergency rooms, jails, and prisons. One case study found that an eighty-five-unit supportive housing facility in Charlotte, North Carolina, which serves individuals with extensive histories of homelessness and a disabling condition, effectively ended homelessness for eighty-one per cent of its tenants. This significant housing stability rate is consistent with other permanent supportive housing models across the country. Moreover, there were significant reductions to emergency room visits, hospital stays, ambulance calls, and for tenants involved with the criminal justice system, reductions in arrests and nights in jail.

Supportive housing also helps build strong, healthy communities by improving the safety of neighborhoods, beautifying city blocks with new or rehabilitated properties, and increasing or stabilizing property values over time.

According to studies from Hawaii Pathways Project and the city and county of Honolulu's housing first program, supportive housing has shown similar positive impacts as in other jurisdictions. Supportive housing benefits include:

- (1) For individuals, improved housing retention, health, and quality of life;
- (2) For systems, reduced burdens and costs on already stretched public systems, such as public safety and emergency medical services; and
- (3) For the community, decreased crime rates and increased or no impact on property values.

The legislature therefore finds that a supportive housing pilot program will help the State determine the impacts of supportive housing for vulnerable populations and provide urgent housing in the midst of the State's homelessness crisis and ongoing housing shortage. Further, granting certain state agencies exemptions from chapters 103D and 103F, Hawaii Revised Statutes, in selecting qualified nonprofit organizations to administer components of the pilot program, who have expertise in delivering specific services with a public purpose, is advantageous to the State and ensures an efficient use of state funds.

Accordingly, the purpose of this Act is to:

- (1) Establish a supportive housing pilot program with the goal of increasing and maintaining supportive housing opportunities for individuals and families with special needs; and
- (2) Appropriate funds for the implementation of the pilot program.

SECTION 3. (a) There is established the supportive housing pilot program within the statewide office on homelessness and housing solutions to provide and maintain affordable, permanent housing and services for individuals and families with special needs.

(b) The statewide office on homelessness and housing solutions shall collaborate with the Hawaii housing finance and development corporation, Hawaii public housing authority, and various state, county, and community agencies to implement the pilot program.

(c) The Hawaii housing finance and development corporation may assist in the development of a rental housing project or projects in which some or all of the units are targeted to special needs individuals or families who require supportive services and with household incomes at or below thirty per cent of the area median income.

(d) The Hawaii public housing authority may implement project-based rent supplement payments to assist project owners of supportive housing projects in maintaining rentals at levels affordable to eligible households with incomes at or below thirty per cent of the area median income, which, together with rental payments received from eligible tenants, will provide project owners with limited rates of return on their investments in rental housing accommodations. The Hawaii public housing authority may enter into memoranda of agreement with the counties or specialized nonprofit organizations as necessary to implement this subsection. The Hawaii public housing authority shall be exempt from chapter 103D, Hawaii Revised Statutes, in selecting a qualified nonprofit organization to administer the rent supplement payments and, without regard to chapter 91, Hawaii Revised Statutes, may establish rules and qualification standards for participants of the supportive housing pilot program.

(e) The statewide office on homelessness and housing solutions shall administer payments for supportive services, including employment services, that assist the residents participating in the pilot program to retain housing, improve their health status, and maximize their ability to live and, when possible, work in the community. Supportive services may include mental health, substance abuse, counseling, and daily living activities. The supportive services funding of not more than \$800 per unit per month is intended to be matched with federal medicaid funds. The statewide office on homelessness and housing solutions may enter into memoranda of agreement with the counties or specialized nonprofit organizations as necessary to implement this section. The statewide office on homelessness and housing solutions shall be exempt from chapters 103D and 103F, Hawaii Revised Statutes, in selecting a qualified nonprofit organization to administer the supportive services payments and, without regard to chapter

91, Hawaii Revised Statutes, may establish rules and qualification standards for participants of the supportive housing pilot program.

(f) The statewide office on homelessness and housing solutions shall develop an information system for the standardized collection of client-level data and data on the provision of housing and supportive services to individuals and families in need of or in supportive housing. The information system shall be used to measure the need for supportive housing and assess and improve the effectiveness of the pilot program.

(g) The Hawaii housing finance and development corporation, Hawaii public housing authority, and statewide office on homelessness and housing solutions shall submit a joint interim report of findings and recommendations, including any proposed legislation, regarding the supportive housing pilot program to the legislature by December 1, 2024, and a joint final report of findings and recommendations by December 1, 2025.

SECTION 4. The first project to be developed pursuant to the pilot program established by this Act shall be located in a county having a population of more than 500,000.

SECTION 5. There is appropriated out of the general revenues of the State of Hawaii the sum of \$1,740,000 or so much thereof as may be necessary for fiscal year 2023-2024 for contracts, not to exceed twenty years, with new supportive housing rental projects or supportive housing rental units in rental projects for project-based rent supplement payments for the pilot program established by this Act.

The sum appropriated shall be expended by the Hawaii public housing authority for the purposes of this Act; provided that the appropriation shall not lapse at the end of the fiscal biennium for which the appropriation is made.

SECTION 6. There is appropriated out of the general revenues of the State of Hawaii the sum of \$2,784,000 or so much thereof as may be necessary for fiscal year 2023-2024 for the provision of support services for qualified individuals and families in new supportive housing.

The sum appropriated shall be expended by the statewide office on homelessness and housing solutions for the purposes of this Act.

SECTION 7. There is appropriated out of the general revenues of the State of Hawaii the sum of \$476,000 or so much thereof as may be necessary for fiscal year 2023-2024 for the development of a supportive housing information system.

The sum appropriated shall be expended by the statewide office on homelessness and housing solutions for the purposes of this Act.

SECTION 8. This Act shall take effect on July 1, 2023, and shall be repealed on June 30, 2025.

(Approved June 21, 2023.)

Note

1. Act 164.