A BILL FOR AN ACT

RELATING TO HOMELESSNESS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAI'I:

PART I

SECTION 1. The legislature finds that homelessness is an issue of public concern and should be regarded as one of the most significant social problems facing the State. Signs that the problem is growing progressively worse are becoming more and more prevalent and the burden of rectifying this problem should be approached as a collective responsibility. Community involvement in the fight against homelessness is the key toward the development of an effective and workable system. The community requires resources and incentives to eliminate the condition of homelessness.

The legislature also finds that one feasible undertaking is the establishment of a voluntary homeless assistance project to authorize state grants and monthly rent supplements to any property owner who sets aside any existing rental space or improves or constructs a dwelling unit for the purpose of
renting the unit to any family or individual classified as homeless.

The legislature further finds that the cost to implement this particular approach is far less than the cost of building new homeless shelter facilities since the capital development costs of building rental units would be shared by the public and private sectors.

Additionally, because the project has the potential to drastically reduce the actual number of homeless families and individuals living in public areas, it could restore unfettered access to malls, streets, parks, and campgrounds, and allow stricter enforcement of the State's public access laws.

Overall, the project will enrich the quality of life for the people of Hawaii and strengthen the State's reputation as one of the most beautiful areas in the world to visit.

The legislature anticipates that lifting the burden on homeless shelters will allow resource providers to focus on special needs homeless persons. The legislature also anticipates that limiting the number of homeowners authorized to participate in the project to ten rental contracts per census tract will ensure that no particular district or community is
unduly burdened by a sudden influx of homeless families. The legislature expects that, with approximately two hundred forty-four census tracts throughout the city and county of Honolulu, the project has the potential of making 2,440 units available to homeless families on Oahu. Moreover, with an average of two and one-half members per homeless family, the legislature expects that the project will have the ability to provide homes for 6,100 people during its initial phase.

Accordingly, the purpose of this Act is to address the homelessness crisis in the State by:

(1) Establishing a fifteen-year homeless assistance project, which shall be known as the "hale kokua project";

(2) Establishing a special fund to support the hale kokua project; and

(3) Amending certain conveyance tax statutes to support the financial viability of hale kokua special fund and hale kokua project.
PART II

SECTION 2. Chapter 346, Hawaii Revised Statutes, is amended by adding two new sections to part XVII to be appropriately designated and to read as follows:

"§346- Hale kokua project. (a) There is established within the department of human services a fifteen-year homeless assistance project known as the hale kokua project.

(b) The hale kokua project shall:

(1) Provide incentives and assistance to private property owners in the city and county of Honolulu who set aside existing dwelling units, or construct new or improve existing dwelling units, for rental for a period of years by families or individuals classified as homeless under the project;

(2) Be headed by a project coordinator, who shall be appointed by the director, with the assistance of the homeless housing assistance coordinating committee;

(3) Be administered by the director, who shall adopt the standards and framework necessary to implement the project statewide after its initial phase;
(4) Prioritize placing homeless families who have been homeless in the State the longest and have been living in parks, cars, campgrounds, the streets, or other public areas, into rental housing made available under the project;

(5) Limit the number of private property owners authorized to take part in the project to ten per census tract, in order to ensure that no particular district or community is unduly burdened by a sudden influx of homeless families holding rental contracts with qualified homeowners under the project; and

(6) Have a long-term purpose of developing a framework that will allow the project to be implemented statewide.

(c) The director shall appoint a hale kokua project coordinator to carry out the project. The project coordinator may be assisted by one administrative assistant and one clerical staff member, both of whom shall be appointed by the director without regard to chapter 76. The project coordinator, with the approval of the director, may contract with private entities to carry out the duties and responsibilities of the project.
(d) Under the supervision of the director, the duties of
the hale kokua project coordinator shall include:

(1) Carrying out the requirements of the hale kokua
project;

(2) Developing and adopting the requirements and
qualifications, registration, background check,
initial screening, and follow-up post-placement
procedures necessary to determine the project's
ability to make rental payments and the need for
social services and referrals for homeless families
and individuals to qualify them as tenants under the
project. The project coordinator shall prioritize the
placement of homeless families living in parks, cars,
campgrounds, on the streets, or other public areas,
into rental units under the project;

(3) Developing and adopting the requirements,
qualifications, and registration procedures necessary
for property owners who provide rental housing to
qualified homeless tenants; provided that priority
shall be given to property owners not requesting
construction grants;
Developing appropriate waivers of liability and adopting the procedures necessary to place qualified homeless tenants with property owners participating in the project; provided that participating property owners shall have the opportunity to conduct interviews and make the final tenant selection from lists of prospective tenants compiled by the project coordinator;

Establishing the procedures and requirements necessary for the disbursement of building improvement grants and rental subsidies to property owners participating in the project;

Working with the county to develop and propose uniform incentives, including real property tax waivers or reductions, and exemptions in zoning or building code requirements, to encourage and facilitate the participation of property owners;

Monitoring the financial status and progress of recovery of the homeless tenants and cooperating with other agencies in establishing and coordinating self-
help, job training, and other self-improvement programs for the homeless;

(8) Promoting and assisting in the development of employer-employee relationships between homeless tenants and participating property owners, including but not limited to tenant caretaker, housekeeper, or groundskeeper employment situations;

(9) Assisting homeless families and individuals wishing to return or relocate to out-of-state locations to carry out their relocation;

(10) Securing financial, in-kind, and administrative assistance from law enforcement and other state and county agencies and the private sector to implement the project;

(11) Securing funding assistance from federal agencies and programs involved in housing development, job-training, or homeless assistance;

(12) Reporting monthly to the homeless housing assistance coordinating committee; and

(13) Monitoring the overall progress of the hale kokua project, and collecting annual statistics on the
numbers of homeless individuals, homeless families, and homeless children housed by the project, using measurement systems that are aligned with national surveys and studies on homelessness.

(e) There is established a homeless housing assistance coordinating committee, a task force, which shall consist of eleven members to provide advisory assistance to the hale kokua project coordinator in implementing the project. The committee shall regularly consult with homeless persons. The members of the homeless housing assistance coordinating committee shall include:

(1) The director of human services, who shall serve as the ex officio, voting chairperson of the committee, or the executive director's designee;

(2) The executive director of the Hawaii housing finance and development corporation;

(3) The director of labor and industrial relations;

(4) The director of health;

(5) The superintendent of education;

(6) The governor's coordinator on homelessness;
(7) A representative of the homeless population who shall be appointed by the governor; and

(8) A representative from each of the four counties who shall be appointed by the governor from a list of two nominees per county that is submitted by the mayor of each county.

The members of the committee shall serve without compensation but shall be reimbursed for necessary expenses, including travel expenses, incurred while attending meetings and while in the discharge of their responsibilities.

(f) The hale kokua project coordinator shall permit a maximum of ten property owners in each census tract to participate in the project at any given time, without regard to the existence or operation of shelters and other facilities that assist homeless persons in the tract. The project coordinator shall notify prospective participants registered on the waiting list in each census tract of the opportunity to participate in the project as these opportunities arise in each tract.

Assistance to any qualified property owner providing rental housing to any homeless tenant under the project for a period of
years shall include but not be limited to at least one of

the following:

(1) The payment of up to $ as a state grant to

offset the cost of renovating, improving, or building

any adjoining addition, or constructing any separate

structure upon the premises of the owner's property in

preparation for its use as a homeless assistance unit

under the project;

(2) The payment of a $ monthly state rent subsidy

to supplement the monthly rental payments made by the

homeless tenant;

(3) Real property tax waivers or rate reductions proposed

by the project coordinator and approved by the council

of the county in which the property is located;

(4) Zoning and building code exemptions applicable to the

construction of adjoining or separate dwelling units

on the owner's property; provided that the county, by

ordinance, may establish minimum development and

construction standards for these units and procedures

for approval thereto; and
(5) Other incentives consistent with the purposes of the
project that are adopted by the project coordinator to
incentivize and facilitate the participation of
property owners in the project.

(g) Any property owner who withdraws from the hale kokua
project prior to the expiration of years from commencing
participation in the project shall return the state grant for
construction improvements within ninety days of the date of
withdrawal. The project coordinator shall act to recover the
grant, including but not limited to the filing of liens against
the real property of withdrawing property owners. The
respective county government whose jurisdiction includes the
rental site shall determine the disposition of any additional
dwelling unit constructed with the grant.

(h) The director shall adopt rules, pursuant to chapter
91, necessary to effectuate the purpose of the project; provided
that any rules adopted before January 1, 2021, shall be exempt
from the public notice and public hearing requirements of
chapter 91.

(i) The project coordinator shall prepare interim reports
on the status of the hale kokua project in each year after the
first year of the project's operation, which shall be submitted to the legislature no later than twenty days prior to the convening of the regular session of each year. The report shall include the annual statistics referenced in subsection (d)(13) and other relevant information.

(j) The project coordinator shall prepare a final report on the hale kokua project after the project has ended. The report shall contain findings and recommendations, including recommendations on ways to encourage participating property owners to commit to further participation in the project, as well as details of the framework needed to implement the project statewide, and any proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2035.

(k) Nothing contained in this section shall be deemed to delegate or detract in any way from the functions, powers, and duties prescribed by law for any other department or agency of the State or counties, nor to interrupt or preclude the direct relationships of any such department or agency in the performance of such functions, powers, and duties.
§346- Hale kokua special fund.  (a) There is established the hale kokua special fund to be administered by the department, to support the hale kokua project established pursuant to section 346-._

(b) The fund shall consist of:

(1) The percentage of the conveyance tax collected and allocated to the hale kokua special fund pursuant to section 247-7; and

(2) Moneys from any other private or public source; provided that mandates, regulations, or conditions on these funds do not conflict with the use of the special fund under this section; and provided further that the funds shall be deposited, used, and accounted for in accordance with the conditions established by the agency or person making the contribution.

(c) Moneys in the special fund shall be expended to support the hale kokua project, including paying for the incentives and assistance to private homeowners participating in the project and the necessary administrative expenses of the project."
PART III

SECTION 3. Section 247-2, Hawaii Revised Statutes, is amended to read as follows:

"§247-2 Basis and rate of tax. The tax imposed by section 247-1 shall be based on the actual and full consideration (whether cash or otherwise, including any promise, act, forbearance, property interest, value, gain, advantage, benefit, or profit), paid or to be paid for all transfers or conveyance of realty or any interest therein, that shall include any liens or encumbrances thereon at the time of sale, lease, sublease, assignment, transfer, or conveyance, and shall be at the following rates:

(1) Except as provided in paragraph (2):

(A) Fifteen cents per $100 for properties with a value of less than $600,000;

(B) Twenty-five cents per $100 for properties with a value of at least $600,000, but less than $1,000,000;

(C) Thirty-five cents per $100 for properties with a value of at least $1,000,000, but less than $2,000,000;
(D) Fifty-five cents per $100 for properties with a value of at least $2,000,000, but less than $4,000,000;

(E) Seventy-five cents per $100 for properties with a value of at least $4,000,000, but less than $6,000,000;

(F) Ninety-five cents per $100 for properties with a value of at least $6,000,000, but less than $10,000,000; and

(G) One dollar and five cents per $100 for properties with a value of $10,000,000 or greater; and

(2) For the sale of a condominium or single family residence for which the purchaser is ineligible for a county homeowner's exemption on property tax:

(A) Twenty cents per $100 for properties with a value of less than $600,000;

(B) Thirty cents per $100 for properties with a value of at least $600,000, but less than $1,000,000;
(C) [Forty] Forty-five cents per $100 for properties with a value of at least $1,000,000, but less than $2,000,000;

(D) [Sixty] Sixty-five cents per $100 for properties with a value of at least $2,000,000, but less than $4,000,000;

(E) [Eighty-five] Ninety cents per $100 for properties with a value of at least $4,000,000, but less than $6,000,000;

(F) One dollar and [ten] fifteen cents per $100 for properties with a value of at least $6,000,000, but less than $10,000,000; and

(G) One dollar and [twenty-five] thirty cents per $100 for properties with a value of $10,000,000 or greater,

of [such] actual and full consideration; provided that in the case of a lease or sublease, this chapter shall apply only to a lease or sublease whose full unexpired term is for a period of five years or more, and in those cases, including (where appropriate) those cases where the lease has been extended or amended, the tax in this chapter shall be based on the cash
value of the lease rentals discounted to present day value and
capitalized at the rate of six per cent, plus the actual and
full consideration paid or to be paid for any and all
improvements, if any, that shall include on-site as well as off-
site improvements, applicable to the leased premises; and
provided further that the tax imposed for each transaction shall
be not less than $1."

SECTION 4. Section 247-7, Hawaii Revised Statutes, is
amended to read as follows:

"§247-7 Disposition of taxes. All taxes collected under
this chapter shall be paid into the state treasury to the credit
of the general fund of the State, to be used and expended for
the purposes for which the general fund was created and exists
by law; provided that of the taxes collected each fiscal year:

(1) [Ten] _____ per cent or $6,800,000, whichever is less,
shall be paid into the land conservation fund
established pursuant to section 173A-5; [and]

(2) [Fifty] _____ per cent or $38,000,000, whichever is
less, shall be paid into the rental housing revolving
fund established by section 201H-202[.]"
PART IV

SECTION 5. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 6. If any provision of this Act, or the application thereof to any person or circumstance, is held invalid, the invalidity does not affect other provisions or applications of the Act that can be given effect without the invalid provision or application, and to this end the provisions of this Act are severable.

SECTION 7. This Act shall take effect on January 1, 2020; provided that on July 1, 2035, this Act shall be repealed and sections 247-2 and 247-7, Hawaii Revised Statutes, shall be
reenacted in the form in which they read on December 30, 2019; and provided further that the repeal of this Act shall not affect the right to recover outstanding grants under section 346-, Hawaii Revised Statutes.

INTRODUCED BY:  

[Signatures]

JAN 24 2019
Report Title:
Homelessness; Department of Human Services; Hale Kokua Project

Description:
Establishes the fifteen-year Hale Kokua Project and Hale Kokua Special Fund under the Department of Human Services with the aim of incentivizing homeowners to provide rental units to homeless persons. Amends the basis and rate of tax, and disposition of the conveyance tax to support the Hale Kokua 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.