

POLICY ESSAY

A HOUSED AND HEALTHY HAWAI‘I: CHARTING A “HOUSING IS HEALTHCARE” MODEL FOR PREVENTING AND ADDRESSING HOMELESSNESS

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ABSTRACT

Hawai‘i faces one of the highest rates of homelessness in the nation, driven by a combination of systemic barriers, historical policy failures, and a high cost of living. Governor Josh Green, M.D., advocates a “housing is healthcare” model, positioning stable housing as a cornerstone of public health. This comprehensive approach tackles homelessness through the innovative Kauhale initiative—community-centered, cost-effective housing solutions that integrate supportive services and foster belonging. With the use of emergency powers, Hawai‘i is addressing immediate crises while building long-term system resilience through legislative and administrative reform. This paper charts the historical, social, and economic roots of homelessness in Hawai‘i, explores the impacts of state and federal policies, and outlines actionable solutions to stabilize and reduce homelessness while addressing its underlying causes. The state’s homelessness response serves as a potential model for addressing homelessness as a public health emergency across the nation.

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* Josh Green is the Governor of the State of Hawai‘i. Governor Green is a proud husband, father, and physician. For the past 20 years, Governor Green cared for Big Island families as a doctor. Passionate about housing solutions, Governor Green helped create Kauhale communities to get unsheltered veterans, kupuna (elderly), and others into safe housing options. These efforts are ongoing and will continue to be one of his top priorities as Governor. Governor Green expanded the role of Lieutenant Governor by spearheading the largest healthcare response in state history during the COVID pandemic. These critical emergency efforts resulted in Hawai‘i having the nation’s lowest COVID-19 fatality rate. This article would not have been possible without the Governor’s advisory team—Lindsay Apperson, Michael Champion, Linda Chow, Matthew Dvonch, Scott Glenn, and Jun Yang—who supported and refined this vision for a Housed and Healthy Hawai‘i.

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I. INTRODUCTION

As a child growing up in Pittsburgh, Pennsylvania, I had an undiagnosed hearing disability for the first two years of my life. With access to high-quality medical care and parents who would not relent until I was better, I was diagnosed and underwent surgeries to restore my hearing. I missed the first critical years of early childhood development, but with the help of wonderful public-school teachers, I fought my way back on track.

I have imagined what my life would have looked like navigating a major health challenge at a young age if my family had not had a safe and stable home to come back to each night. As an emergency room physician, I spent countless hours watching individuals and families experiencing homelessness coming in and out of our hospital. I watched medical bills pile up for local families, forcing them to choose between paying off medical debt and essential expenses like rent, groceries, and utilities. I watched as our hospital in a rural county with severely strained resources worked to provide care to people falling through our frayed safety net, knowing that it was just a matter of time before we encountered these individuals again.

All of my life and work have underscored the need to view safe and stable housing as a core component of health care. This has been the focal point of my career in public service. As a state legislator I worked on crafting legislation critical to expanding access to quality medical services for low-income families as well as housing options for those experiencing homelessness. Every weekend I would return to my rural area hospital and work a

graveyard shift in the emergency room—witnessing first-hand how our policies impacted local families.

Later as Lieutenant Governor, I was at the helm of the state’s response to the COVID-19 pandemic. I worked with our government agencies and health-care communities to coordinate pandemic preparedness, response, and mitigation efforts. This critical emergency response resulted in Hawai‘i having the nation’s lowest COVID-19 fatality rate.¹ Our innovative approaches were made possible because we recognized COVID-19 as an emergency and mobilized resources quickly and effectively to respond to and mitigate the crisis.

Throughout my life, I have seen how our houseless neighbors disproportionately experience trauma, poorer health and education outcomes, significantly shorter life expectancy, and more frequent emergency room visits. In response, my administration is treating the homelessness crisis like what it is: a public health emergency. Addressing homelessness requires recognizing housing as a pillar of healthcare. In response to the state’s homelessness emergency, my administration launched our Kauhale initiative to provide quick and cost-effective shelter along with robust supportive services to build a sense of belonging and place for our houseless neighbors. We are investing in rapid-response care—meeting people where they are through mobile outreach services to initiate case management and bring people into our Kauhale communities. The Kauhale model represents a scalable framework for quickly and cost-effectively mobilizing resources to respond to homelessness as the emergency it is.

No one should be left without a roof over their head. No one should worry about where they will sleep with their kids from night to night. No one who is struggling should be left without help. We have a shared responsibility to care for our neighbors—housed and unhoused. In Hawai‘i, we call this our kuleana: both our responsibility and our privilege. It is foundational to the Native Hawaiian tradition that makes our state unique. When our unhoused neighbors have a roof over their heads, without time limits or other conditions that force them back onto the streets, they are healthier. And so are our communities. This is at the core of my administration’s policies to implement a “housing is healthcare” approach to homelessness. This is how we achieve a housed and healthy Hawai‘i, and a housed and healthy nation.

II. POLICIES AND THEIR IMPACT ON HOMELESSNESS IN AMERICA

The historical context of the national policies to address homelessness is essential in understanding the current state of homelessness we find ourselves

¹ See *COVID-19 Mortality by State*, CTRS. FOR DISEASE CONTROL & PREVENTION https://www.cdc.gov/nchs/pressroom/sosmap/covid19_mortality_final/COVID19.htm [https://perma.cc/58EH-RNP8].

in today.² While homelessness has been present since the nation's founding, the modern homelessness crisis began escalating in the 1900s. The advent of rail brought transient laborers into cities, where they were concentrated into "skid rows," living in low-cost, single-room occupancy ("SRO") housing units that provided private personal spaces and shared common spaces, similar to college dormitories.³

The Great Depression of the 1930s and 1940s left many families across racial and socioeconomic status unemployed and without access to stable housing. The New Deal of the 1930s established significant social services programs, bringing housing support to people at risk of or experiencing homelessness. Critically, it led to mass construction of subsidized public housing across the country, where residents paid no more than thirty percent of their total income on rent.⁴ The model made housing available that was guaranteed to be affordable to extremely low-income residents, where rent was determined by a person's income rather than a pre-determined rent price. The Hawai'i Public Housing Authority ("HPHA") was established in 1935—prior to Hawai'i statehood—and the United States Housing Act of 1937 made federal funds available to construct over 2,000 public housing units across the 1940s and 1950s.⁵ A \$100 million allocation from the State Legislature in the 1970s further allowed HPHA to establish a state public housing program, leading to the development of over 10,000 additional units.⁶ The veteran housing and GI bill passed in 1944 brought significant resources to some returning soldiers to access low-cost homeownership opportunities. Discriminatory practices, though, limited benefits for marginalized groups—particularly Black veterans—and put individuals at further risk of slipping into homelessness.⁷

By the 1950s, SROs had gained prevalence in American cities across the country. SROs provided critical housing stock for returning veterans, elderly, disabled, and people struggling with mental health and substance use disorders. In 1955, New York City had over 200,000 SROs that comprised

² See generally NAT'L ACADS. OF SCI., ENG'G & MED., PERMANENT SUPPORTIVE HOUSING: EVALUATING THE EVIDENCE FOR IMPROVING HEALTH OUTCOMES AMONG PEOPLE EXPERIENCING CHRONIC HOMELESSNESS app. B, at 175–82 (2018), <https://www.ncbi.nlm.nih.gov/books/NBK519584/> [https://perma.cc/267Q-PP8H].

³ See KRISTEN SHELLEY, ALISA BELINKOFF KATZ, ANDREW KLEIN, JESSICA RICHARDS, FERNANDA JAHN VERRI, MARQUES VESTAL & ZEV YAROSLAVSKY, THE MAKING OF A CRISIS: A HISTORY OF HOMELESSNESS IN LOS ANGELES 7, 36 (2021), <https://luskcenter.history.ucla.edu/wp-content/uploads/sites/66/2021/01/LCHP-The-Making-of-A-Crisis-Report.pdf> [https://perma.cc/7CGF-6CKH].

⁴ See *Public Housing History*, NAT'L LOW INCOME HOUS. COAL. (Oct. 17, 2019), <https://nlihc.org/resource/public-housing-history> [https://perma.cc/B86H-JYPJ].

⁵ See HAW. HOUS. AUTH., *HPHA Through The Years*, <https://hpha.hawaii.gov/about-the-hpha/history-of-the-hpha#> [https://perma.cc/XZ8E-NHR7] (last visited Mar. 24, 2025).

⁶ See *id.*

⁷ Rachel Horvath, *Not All WWII Veterans Benefited Equally from the GI Bill*, HELLER SCH. FOR SOC. POL'Y AND MGMT. (Nov. 7, 2023), <https://heller.brandeis.edu/news/items/releases/2023/impact-report-gi-bill.html> [https://perma.cc/7TF8-GBWQ].

ten percent of the rental housing stock.⁸ As SROs gained prevalence, they generated significant stigma and were characterized as dilapidated housing for the poor.⁹ Meanwhile, suburbanization and urban renewal of the 1950s and 1960s paved the way for new highways and sprawling neighborhoods for middle- and upper-class residents. Estimates suggest this led to the loss of nearly 1 million SRO units nationwide.¹⁰ In Honolulu, the “City Beautiful” movement took hold at the turn of the century, where urban renewal projects in Chinatown and the A‘ala district targeted older and poorer neighborhoods. New roadways and residential and commercial development paved over tenement and SRO housing. This left fewer, affordable and accessible housing options.¹¹ In the following decades, local zoning and housing codes made it virtually impossible to build new SRO housing stock. As housing options that once provided critical naturally occurring housing stock for the lowest-income residents were demolished, zoning and housing codes favoring single-family residential development made it virtually impossible to rebuild similar housing options.¹²

Meanwhile, there was a concurrent shift in mental health services in the United States in the 1960s and 1970s, generally known as deinstitutionalization. This shift was driven by civil rights concerns related to conditions in mental health institutions at that time, a plan to transition to community-based services, advances in available psychiatric treatments, and cost considerations. At the peak of availability of institutional beds in 1955, there were 340 beds per 100,000 people. In 2010, there were 43,318 state beds or 14.1 beds per 100,000 people.¹³ The Community Mental Health Act of 1963 intended to support a significant shift from institutional care to community-based services

⁸ See Ariel Aberg-Riger, *When America’s Basic Housing Unit Was a Bed, Not a House*, BLOOMBERG (Feb. 22, 2018), <https://www.bloomberg.com/news/articles/2018-02-22/the-rise-and-fall-of-the-american-sro> [https://perma.cc/C3AA-VGKR].

⁹ Edward Pinto and Hannah Florence, *The Decline of SROs and its Consequences for Housing Affordability*, AEI Hous. CTR. (May 28, 2024), <https://www.aei.org/wp-content/uploads/2024/05/The-history-of-SROs-FINAL-v2.pdf> [https://perma.cc/QU77-8Z37].

¹⁰ See Maria Ionova, *The \$80-a-Week, 60-Square-Foot Housing Solution That’s Also Totally Illegal*, NEXT CITY (June 3, 2013), <https://nextcity.org/features/the-80-a-week-60-square-foot-housing-solution-thats-also-totally-illegal> [https://perma.cc/32W5-MCCA].

¹¹ *Chinatown Historic District*, NAT’L PARK SERV., <https://www.nps.gov/places/chinatown-historic-district-honolulu.htm> [https://perma.cc/QDA8-PE4Q] (last visited Mar. 24, 2025); NAT’L PARK SERVICE, HISTORIC AMERICAN LANDSCAPES SURVEY: DILLINGHAM BOULEVARD CORRIDOR (2017), <https://tile.loc.gov/storage-services/master/pnp/habshaer/hi/hi1000/hi1042/data/hi1042data.pdf> [https://perma.cc/L9VG-BTGV].

¹² For example, both Honolulu’s city and county housing codes require that every dwelling unit, lodging house, and congregate residence must have its own bathroom equipped with facilities consisting of a water closet, lavatory, and either a bathtub or shower. In addition, dwelling units must have a kitchen. This limits the ability to build new SROs without exemptions, which provide shared bathrooms and kitchen facilities. See HONOLULU, HAW., REV. ORDINANCES §16A-4.1 (2024); see also Jonathan Helton, *How to Facilitate More Homebuilding in Hawaii*, GRASSROOT INST. OF HAWAI‘I (2023).

¹³ Daniel Yohanna, *Deinstitutionalization of People with Mental Illness: Causes and Consequences*, 15 VIRTUAL MENTOR: AM. MED. ASS’N J. ETHICS 886, 889 (2013), <https://doi.org/10.1001/virtualmentor.2013.15.10.mhst1-1310> [https://perma.cc/P27A-HAGR]; see also

in community mental health centers. However, the planned build-out of these centers was never fully realized and resourced. The rapid pace of closure of hospital beds was not matched by funding for community services and support systems. Without adequate funding for housing and community-based services, many individuals were forced onto the streets in subsequent decades. Deinstitutionalization without adequate supportive services left many people experiencing mental health challenges without stable housing or access to medical care or social services, leading to increased rates of homelessness as well as increased involvement with the criminal legal system and a trans-institutional shift into jail and prison systems.

Alongside the deinstitutionalization of the 1960s and 1970s, U.S. policy surrounding subsidized housing for low-income families began shifting from public housing to private-sector housing solutions. Hawai‘i felt this deeply. Inflation in the late 1960s had pushed interest rates above seven percent.¹⁴ Students protested the lack of affordable rental housing on the campus of the University of Hawai‘i. In 1970, to respond to the growing unaffordability of housing, the State Legislature passed one of the most critical pieces of housing legislation in the state’s history. Act 105 authorized millions of dollars in bond sales for housing projects, established revolving loan funds for new housing development, and created a low-interest down payment loan program for local families.¹⁵ While the State of Hawai‘i was investing significantly in new housing development, the federal government was shifting affordable housing production and management from the public sector to the private sector. In 1973, President Richard Nixon placed a moratorium on all public housing programs in response to scandals, questions regarding administrative costs, and fears that housing allowances would subsidize slum housing. The moratorium was rescinded in the summer of 1974.¹⁶ At the same time, through the Housing and Community Development Act of 1974, Congress adopted the Housing Choice Voucher Program, known today as Section 8, which provides federal funds to subsidize rent for low-income renters from private landlords.¹⁷

TED LUTTERMAN, ROBERT SHAW, WILLIAM FISHER & RONALD MANDERSHEID, *TREND IN PSYCHIATRIC INPATIENT CAPACITY, UNITED STATES AND EACH STATE, 1970 TO 2014* (2017).

¹⁴ See Jessica Terrell, *Hawaii Has Been Facing a Housing Crisis for Generations*, HONOLULU CITY BEAT (September 17, 2023), <https://www.civilbeat.org/2023/09/hawaii-has-been-facing-a-housing-crisis-for-generations/#> [https://perma.cc/6SUB-LB6X].

¹⁵ See Perry Arrasmith, *A Warning on Hawaii’s Housing Crisis—From 1970*, HONOLULU CITY BEAT (July 14, 2022), <https://www.civilbeat.org/2022/07/a-warning-on-hawaiis-housing-crisis-from-1970/> [https://perma.cc/568X-WWAY]. See generally Act 105, 1970 Haw. Sess. Laws 190.

¹⁶ *Administration Housing Moratorium Comes Under Fire*, CQ ALMANAC 1973, at 428–32 (29th ed. 1974), <http://library.cqpress.com/cqalmanac/cqal73-1228677> [https://perma.cc/3AXK-MTB7].

¹⁷ *Housing Act of 1937* § 8, Pub. L. No. 75-412, 50 Stat. 888, 891 (codified as amended at 42 U.S.C. § 1437(f)).

The 1980s marked what many consider to be the start of the modern homelessness crisis and response.¹⁸ The dismantling of social programs designed to assist the poor, including federal funding for affordable housing, started in 1981. In 1981 and 1982, the Reagan administration made more than \$22 billion in cuts to social services programs.¹⁹ Steady underfunding and budget cuts in the following decade led to a drastic decline in the quality of public housing. The legacy of deinstitutionalization paired with massive cuts to social services programs left tens of thousands of people with severe mental health challenges without access to quality medical attention along with a dearth of housing resources for low-income and struggling residents. More people found themselves on the streets. In Hawai‘i, state policy was marked by attempts to regulate land use to restrict new development—implementing procedures that made new housing development slower and more costly.²⁰ This was mirrored nationally, where restrictive zoning and regulatory policies led to rising housing costs while local regulations and redlining prohibited new housing development. Further, massive federal budget cuts for other social services in the late 1980s left many struggling to meet the rising cost of living without a social safety net.²¹ The spread of HIV also affected many throughout the homeless community and complicated people’s ability to find safe and stable housing.²²

The McKinney-Vento Homeless Assistance Act of 1987 was the first major piece of federal legislation to address homelessness in a holistic manner—deploying funding for emergency shelters, transitional housing, and social services while establishing an Interagency Council on Homelessness to coordinate efforts across various agencies.²³ Even though the Act did not provide sufficient funding to respond to the crisis, it provided a critical framework that shaped decades of the homelessness response system since the 1980s—introducing a continuum of care model to emphasize how homeless individuals need to move through supportive programs and into permanent housing solutions.²⁴ This approach acknowledges the full spectrum of issues perpetuating homelessness—including a lack of adequate housing supply, job

¹⁸ See NAT’L ACADS. OF SCIS., ENG’G, AND MED., *supra* note 2, app. B at 176–77.

¹⁹ See generally Sheldon Danziger & Robert Haveman, *The Reagan Administration’s Budget Cuts: Their Impact on the Poor*, 24 CHALLENGE, May–June 1981, at 5 (1981), available at <https://www.ipr.wisc.edu/publications/focus/pdfs/foc52b.pdf> [https://perma.cc/8TVE-V5HH].

²⁰ Kathryn Drury Wagner, *Hawai‘i’s Housing Crisis Was Decades in the Making*, HAW. BUS. MAG. (Feb. 13, 2025), <https://www.hawaiibusiness.com/hawaiis-housing-crisis-was-decades-in-the-making/#> [https://perma.cc/LD3S-PPZR].

²¹ See generally Danziger & Haveman, *supra* note 19.

²² ANGELA AIDALA, GUNJEONG LEE, DAVID ABRAMSON, PETER MESSERI & ANNE SIEGLER, HOUSING NEED, HOUSING ASSISTANCE, AND CONNECTION TO HIV MEDICAL CARE, 11 AIDS BEHAV. (Supp. 2) S101–15 (2007), <https://doi.org/10.1007/s10461-007-9276-x> [https://perma.cc/NFH6-H583].

²³ Stewart B. McKinney Homeless Assistance Act, H.R. 558, 100th Cong. (1987).

²⁴ HUD Community Planning and Development, *Continuum of Care Program*, U.S. DEP’T OF HOUS. & URB. DEV. (2025), https://www.hud.gov/program_offices/comm_planning/coc [https://perma.cc/D8GS-FG9J].

insecurity, prevalence of sexual and domestic violence, poverty, and lack of treatment for mental health and substance use disorders. Today, continuums of care operate in communities nationwide and convene critical stakeholders across the broad spectrum of federal, state, and local agencies and non-profit partners to support those experiencing homelessness.²⁵

The 1990s brought about further divestment from public subsidized housing. The federal Hope IV program, launched in 1991, was designed to revitalize severely distressed public housing.²⁶ Under the Hope IV demonstration program, tens of thousands of public housing facilities across the country were demolished, but due to lack of sufficient funding, less than half of the destroyed housing stock was rebuilt.²⁷ This left fewer permanent housing options for people experiencing homelessness. With fewer resources dedicated to public housing units, the United States largely turned to the private sector to provide low-income housing. As a part of the Tax Reform Act of 1986, the United States launched its Federal Low-Income Housing Tax Credit (“LIHTC”) program designed to incentivize private development of low-income housing.²⁸ The LIHTC and the Section 8 voucher programs served to shift the provision of low-income housing from the public sector to the private sector. In addition, the 1998 Faircloth Amendment restricted any future public housing development, capping the number of subsidized public housing units available for residents to the number of units existing at the time of its enactment.²⁹

At the turn of the century, homelessness across the nation spiked. Over 600,000 people were experiencing homelessness on any given night.³⁰ As shelters hit capacity and as the supply of permanent subsidized housing dwindled, tent encampments cropped up in urban centers across the nation. In response, the 2000s and 2010s brought a new focus on a “Housing First” model to homelessness. The Housing First model represents the first time that housing was viewed as an essential component of healthcare. This approach argued that people should be provided with immediate access to permanent, subsidized housing, rather than temporary shelter beds that failed to provide

²⁵ HUD Exchange, *CoC Program Toolkit – Introduction to the CoC Program*, U.S. DEP’T OF HOUS. AND URB. DEV., <https://www.hudexchange.info/programs/coc/toolkit/introduction-to-the-coc-program/#coc-program-guidance-and-briefs> [https://perma.cc/4GML-WVXS].

²⁶ National Affordable Housing Act, 42 U.S.C. § 8012.

²⁷ See *Public Housing History*, *supra* note 4.

²⁸ See generally Tax Reform Act of 1986, Pub. L. No. 99-514, 100 Stat 2085.

²⁹ See Provision of the Quality Housing and Work Responsibility Act of 1998, Pub. L. No. 105-276, tit. 5, § 519, 112 Stat. 2518, 2551–2562 (codified at 42 U.S.C. § 1437g); see also U.S. DEP’T OF HOUS. AND URBAN DEV., MAXIMUM NUMBER OF UNITS ELIGIBLE FOR CAPITAL AND OPERATING SUBSIDY (2020), www.novoco.com/public-media/documents/hud-faircloth-list-11302020.pdf [https://perma.cc/45NX-2UWC].

³⁰ The first Annual Homelessness Assessment Report was published in 2007. See U.S. DEP’T OF HOUS. AND URBAN DEV., OFF. OF CMTRY. PLAN. AND DEV., THE ANNUAL HOMELESS ASSESSMENT REPORT TO CONGRESS 4 (2007), <https://www.huduser.gov/publications/pdf/ahar.pdf> [https://perma.cc/GL9Q-SPMQ].

the stability necessary for people to stabilize and heal. Under this model, permanent housing became a vital tool to aid recovery and better health outcomes, rather than a reward for recovery. Many point to the Department of Veterans’ Affairs implementation of Housing First as a case study for the model’s success. The introduction of the Housing and Urban Development (“HUD”)-Veterans Affairs Supportive Housing (“VASH”) program paired housing choice vouchers that subsidized rental costs with clinical case management and health care services through the Department of Veterans’ Affairs.³¹ The program reduced veteran homelessness by fifty percent between 2010 and 2020.³² The State of Hawai‘i piloted its Housing First program in 2012, with statewide implementation beginning in 2017.³³ Evaluations showed Housing First programs in Hawai‘i showed a significant decrease in healthcare costs and incarceration costs, where stable housing led to healthcare savings of over \$4,000 per month per Housing First client and was correlated with a sixty-one percent reduction in arrests.³⁴

While data shows the efficacy of a Housing First model, the resources to implement Housing First have never been sufficient—at least not until the COVID-19 pandemic. As Americans across the country sheltered in place, housing became one of the most essential components of healthcare to stop the prolific spread of the virus. With the passage of the American Rescue Plan Act (“ARPA”), state and local governments received an unprecedented amount of funding to rapidly rehouse those experiencing homelessness, and to provide rent relief to help keep those at risk of homelessness in housing.³⁵ These funds allowed communities to adopt Housing First strategies at an unprecedented scale—rapidly rehousing people experiencing or at risk of homelessness and infusing rental assistance to prevent evictions of those most at risk of homelessness. The Emergency Rental Assistance Program, funded through ARPA, provided direct financial assistance to cover rent and utilities to keep people housed during the pandemic.³⁶ This investment showed results. From 2019 to 2021, there was a forty-six percent decrease among households

³¹ U.S. DEP’T OF HOUS. AND URBAN DEV., HUD-VASH VOUCHERS (2024), https://www.hud.gov/program_offices/public_indian_housing/programs/hcv/vash [https://perma.cc/5KZQ-TX9B] (last visited Mar. 5, 2025).

³² NAT’L LOW INCOME HOUS. COAL., CASE STUDY: HOUSING FIRST CUT VETERAN HOMELESSNESS BY 50% (2022), <https://nlihc.org/sites/default/files/Housing-First-Veteran.pdf> [https://perma.cc/X3EJ-MJ2J].

³³ *Housing First*, STATE OF HAW., OFF. ON HOMELESSNESS AND HOUS. SOLS. (2025), <https://homelessness.hawaii.gov/housing/> [https://perma.cc/2JGN-EBVD].

³⁴ *Id.*

³⁵ American Rescue Plan Act of 2021, Pub. L. 117-2, 135 Stat. 4 (2021).

³⁶ The State of Hawai‘i had two primary providers of the rental relief program. *See Rent and Utility Relief Program*, CITY AND CNTY. OF HONOLULU, OFF. OF ECON. REVITALIZATION, <https://www.revitalizeoahu.org/renthelp> [https://perma.cc/DJA6-6B99]; *Catholic Charities Hawaii launch \$6M rent relief program*, THE MAUI NEWS (May 23, 2025), <https://apnews.com/general-news-9ce1fb2d225d82c34df03a17956ed4acb> [https://perma.cc/2PDF-9GPZ]; *see also Maui County Emergency Rental Assistance Program*, MAUI CNTY. GOV’T, <https://www.mauicounty.gov/2438/Maui-County-Emergency-Rental-Assistance-> [https://perma.cc/8LD2-KPKH].

entering homeless services from a rental without a subsidy and a nineteen percent decrease in the number of first-time homeless households.³⁷

Despite these advancements, the structural challenges contributing to homelessness remain unresolved. Rising housing costs, stagnant wages, and insufficient investment in affordable housing have left many vulnerable to losing their homes. Those struggling with medical, mental health, and substance abuse challenges have difficulty accessing necessary supportive services. While ARPA funds provided a temporary reprieve, the expiration of these resources threatens a reversal of the progress made during the pandemic.³⁸ Moving forward, we need to build on the Housing First model for addressing homelessness—like the HUD-VASH program—that views housing as an essential pillar of healthcare and deploys the necessary resources and policy to bring people into long-term housing stability.

III. THE STATE OF HOMELESSNESS

Today, the homelessness crisis in Hawai‘i has reached a state of emergency. Our state has one of the highest rates of homelessness in the country. According to the 2024 Point-In-Time (“PIT”) Count, which counts the number of individuals experiencing homelessness on any given night in Hawai‘i, there are nearly 6,400 people experiencing homelessness, or 43 in every 10,000 of our local residents.³⁹ Two-thirds of those experiencing homelessness live in our communities as unsheltered neighbors. The remaining one-third represent sheltered homeless individuals who face severe housing insecurity, never knowing where they might sleep from one night to the next. Roughly one-third of those experiencing homelessness report being chronically homeless, meaning they have experienced multiple bouts of homelessness in the past three years.

Homelessness is a widespread social issue with significant implications for a person’s mental, emotional, and physical well-being. The concept of social determinants of health (“SDOH”) is a helpful framework for recognizing the connection between homelessness and health outcomes. The World Health

³⁷ Andrew Hall, *Impacts of COVID-19 Relief on Sheltered Homelessness*, NAT’L ALL. TO END HOMELESSNESS (2023), <https://endhomelessness.org/blog/impacts-of-covid-19-relief-on-sheltered-homelessness/> [https://perma.cc/8TMC-YAGA].

³⁸ Programs have varying expiration dates. For a complete list of housing relief programs available during COVID-19, see U.S. DEP’T OF HOUS. & URBAN DEV., COVID-19 RESPONSE AND RELIEF FUNDING CHART FOR HOUSING COUNSELORS (2021), <https://files.hudexchange.info/resources/documents/CARES-Act-Housing-Assistance-Funding-Chart.pdf> [https://perma.cc/M8S8-PYHJ].

³⁹ The State of Hawai‘i has two Continuums of Care that prepare annual Point-In-Time Count Reports. See Partners in Care O‘ahu, *Point-In-Time Count Report: O‘ahu Homelessness Statistics* (2024), <https://www.partnersincareoahu.org/pitc> [https://perma.cc/2FTK-VBDK]; Ka Mana O Na Helu, *Homeless Point-in-Time Count, BRIDGING THE GAP CoC* (2024), https://www.btg-hawaii.org/media/uploads/2024_btg_pit_count_report_final.pdf [https://perma.cc/2VF7-BGM4].

Organization defines SDOH as non-medical factors that influence health outcomes, including conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping the conditions of daily life. Examples of SDOH include income and economic stability, education, food security, social support networks, access to quality affordable healthcare services, and housing.⁴⁰ A cyclical dynamic exists as SDOHs contribute to homelessness and homelessness contributes to and intensifies adverse health outcomes. Assessing and addressing both individual and systemic factors has yielded positive results towards reversing this vicious cycle. Housing stability is a foundational SDOH and driver of health outcomes. Housing instability contributes to chronic stress, exposure to environmental hazards, mental health challenges, and barriers to accessing services. Providing housing solutions and stability is therefore an essential component of healthcare.

While there is no single cause of homelessness, we know one primary driver perpetuating homelessness in our communities is the high cost of living and the lack of adequate affordable housing options.⁴¹ The cost of living in Hawai‘i has grown far beyond what the average family on the islands can afford.⁴² Hawai‘i residents pay a premium on all goods and services. Across all household expenses—groceries, housing, utilities, transportation, and health—Hawai‘i had the highest cost index of any state.⁴³ Housing costs have grown exponentially in the past two decades due to slow housing production and a lack of adequate housing preservation policies. Hawai‘i has the highest rents in the country: the American Community Survey reported the median rent in Hawai‘i was \$1,868 in 2022. According to 2023 Craigslist data, the median asking rent in the state was \$2,000.⁴⁴ Over half of residents are cost-burdened, meaning that they pay more than a third of their income towards rent. Nearly one-third of residents are severely rent-burdened, meaning they spend more than half of their income towards rent. This leaves many struggling to find affordable housing options, and others at-risk of or experiencing homelessness. The high cost of homeownership further fuels an increasingly competitive rental market, as fewer and fewer local families can afford to buy a home. A 2023 study showed that fewer than one-third of households in

⁴⁰ World Health Organization, *Social Determinants of Health*, https://www.who.int/health-topics/social-determinants-of-health#tab=tab_1 [https://perma.cc/L8UL-Y5KW].

⁴¹ Alex Horowitz, Chase Hatchett & Adam Staveski, *How Housing Costs Drive Levels of Homelessness*, PEW (2023), <https://www.pewtrusts.org/en/research-and-analysis/articles/2023/08/22/how-housing-costs-drive-levels-of-homelessness> [https://perma.cc/J5RY-FP2J].

⁴² See generally ALOHA UNITED WAY, ALICE IN HAWAI‘I: 2024 FACTS AND FIGURES (2025) <https://www.auw.org/about/alice-initiative/alice-reports/> [https://perma.cc/7R7N-KAJS].

⁴³ See *Cost of Living Data Series*, Mo. ECON. RSCH. & INFO. CTR., <https://meric.mo.gov/data/cost-living-data-series> [https://perma.cc/SZ7N-NB7M] (last visited Mar. 3, 2025).

⁴⁴ JUSTIN TYNDALL, DANIELLA BOND-SMITH, RACHEL INAFUKU & VICTORIA RHINEBOLT, THE HAWAI‘I HOUSING FACTBOOK 4 (2023) at 8, <https://uhero.hawaii.edu/wp-content/uploads/2023/06/TheHawaiiHousingFactbook.pdf> [https://perma.cc/H38K-UTE7].

Hawai‘i could afford the state’s median priced home.⁴⁵ The median sales price for a single-family home in 2024 was \$875,000, and for a condominium was \$600,000 statewide. In the state’s most populous county, the median home price was over \$1,000,000.⁴⁶

We also know that homelessness—particularly chronic, unsheltered homelessness—also stems from a lack of adequate care for those experiencing mental health and substance use disorders. Chronic homelessness is associated with complex intersecting social and health issues. A strong connection has been demonstrated between chronic unsheltered homelessness and mental health conditions and substance use disorders.⁴⁷ Many people experiencing homelessness have untreated or inadequately treated mental health conditions including psychotic disorders like schizophrenia or mood disorders like major depression or bipolar disorder. Substance use disorders commonly co-occur with mental health conditions. Systematic reviews have found that approximately sixty-seven percent of individuals experiencing homelessness had a current mental health condition and/or substance use disorder, with lifetime prevalence reaching seventy-five percent, far exceeding those in the general population.⁴⁸ Alcohol use disorders were the most prevalent, followed by drug use disorders (both ten times higher than the general population), and schizophrenia spectrum disorders (eighteen times higher than the general population).⁴⁹

Deinstitutionalization decreased the availability of long-term care in structured facilities that included shelter, sustenance, and services. Lack of access to community-based harm-reduction services, rehabilitation services, and integrated treatment programs contributes to a cycle of instability, homelessness, and suffering. Inefficient coordination between mental health services, substance abuse treatment, and housing services leaves many people without the support they need. Comprehensive, multicomponent interventions are necessary due to the multifaceted nature of homelessness and its health disparities.⁵⁰ Addressing chronic homelessness requires a holistic approach, integrating housing solutions with accessible mental health and substance use disorder treatments.

⁴⁵ *Id.*

⁴⁶ *See id.* at 3.

⁴⁷ See Sebastian Gutwinski, Stefanie Schreiter, Kathrin Deutscher & Seena Fazel, *The Prevalence of Mental Disorders Among Homeless People in High-Income Countries: An Updated Systematic Review and Meta-Regression Analysis*, 18 PLOS MED., no. 8, at 2 (2021), <https://doi.org/10.1371/journal.pmed.1003750> [<https://perma.cc/NP8F-38HG>].

⁴⁸ See Rebecca Barry, Jennifer Anderson, Lan Tran, Anees Bahji, Gina Dimitropoulos, Monty Ghosh, Julia Kirkham, Geoffrey Messier, Scott B. Patten, Katherine Rittenbach & Dallas Seitz, *Prevalence of Mental Health Disorders Among Individuals Experiencing Homelessness: A Systematic Review and Meta-Analysis*, 81 JAMA PSYCHIATRY 691, 693–94 (2024), <https://jamanetwork.com/journals/jamapsychiatry/fullarticle/2817602> [<https://perma.cc/VB4Y-83TA>].

⁴⁹ *See id.* at 694.

⁵⁰ See generally Barry et al., *supra* note 48.

The lack of resources has outsize impacts on our marginalized and indigenous communities. Native Hawaiian and Pacific Islander populations disproportionately account for a large percentage of our homeless community—representing one-third of homeless individuals on the island of O‘ahu despite comprising approximately ten percent of the population.⁵¹ They represent at least thirty-seven percent of the statewide homeless population.⁵² The poverty rate among Native Hawaiians is four percentage points higher than the poverty rate of Hawai‘i’s residents at-large.⁵³ Native Hawaiians report some of the highest unemployment rates, lowest median household incomes, and lowest homeownership rates as compared to all other Hawai‘i households.⁵⁴ They also disproportionately experience negative health outcomes compared to the rest of the population. These conditions have led to the exodus of many Native Hawaiians from the islands.⁵⁵ For the first time in Hawai‘i’s history, more Native Hawaiians are living on the mainland than on the Hawaiian Islands, threatening the preservation of traditional culture, customs, and history that make our state unique.

Failures in our housing, healthcare, and social services systems have perpetuated poorer and pricier health outcomes for those experiencing homelessness. Lack of coordination between housing, social service providers, and the healthcare systems creates gaps in services, making it difficult for a homeless person to access and navigate needed services. Homelessness is correlated with lower life expectancy, higher rates of chronic disease, and strains on limited crisis and emergency services within struggling communities throughout the state.⁵⁶ The average life expectancy for individuals experiencing

⁵¹ See PARTNERS IN CARE, POINT IN TIME COUNT 2024 COMPREHENSIVE REPORT 7 (2024), [https://www.nhipdata.org/local/upload/file/FINAL%202024%20Oahu%20PITC%20report%20\(1\).pdf](https://www.nhipdata.org/local/upload/file/FINAL%202024%20Oahu%20PITC%20report%20(1).pdf) [https://perma.cc/NN37-R9XN].

⁵² See SMS RSCH. & MKTG. SERVS. INC., HAWAI‘I HOUSING PLANNING STUDY 177 (2024) (prepared for the Hawai‘i Hous. Fin. & Dev. Corp.), https://dbedt.hawaii.gov/hhfdc/files/2025/05/FINAL_2024-HHPS-State-Report_Ward-Research.pdf [https://perma.cc/6K2Q-PKRL].

⁵³ See Anita Hofsneider, *Poverty Persists Among Hawaiians Despite Low Unemployment*, HONOLULU CIV. BEAT (Sep. 19, 2018), <https://www.civilbeat.org/2018/09/poverty-persists-among-hawaiians-despite-low-unemployment/> [https://perma.cc/5FL8-6TJL].

⁵⁴ See DEP’T OF BUS., ECON. DEV. & TOURISM: RSCH. & ECON. ANALYSIS DIV., DEMOGRAPHIC, SOCIAL, ECONOMIC, AND HOUSING CHARACTERISTICS FOR SELECTED RACE GROUPS IN HAWAI‘I 18–20 (2018), https://files.hawaii.gov/dbedt/economic/reports/SelectedRacesCharacteristics_HawaiiReport.pdf [https://perma.cc/U8B3-H5HE].

⁵⁵ See *New Census Data Confirms More Native Hawaiians Reside on the Continent than in Hawai‘i*, OFF. OF HAW. AFFAIRS (Sept. 22, 2023), <https://www.oha.hawaii.gov/news/new-census-data-more-native-hawaiians-reside-continent/> [https://perma.cc/GX23-U34P].

⁵⁶ See Cheyenne Garcia, Kelly Doran & Margot Kushel, *Homelessness & Health: Factors, Evidence, Innovations That Work, And Policy Recommendations*, 43 HEALTH AFF. 164, 165–66 (2024), <https://www.healthaffairs.org/doi/epdf/10.1377/hlthaff.2023.01049> [https://perma.cc/ZXR2-UQG7].

homelessness is just fifty years—thirty years shorter than the state’s overall average life expectancy.⁵⁷

The homeless population disproportionately experiences physical disabilities, mental health challenges, and substance use disorders.⁵⁸ Inadequate access to primary care and prevention services leads to reliance on emergency department services for health crises, resulting in expensive and fragmented care. Untreated chronic conditions like hypertension, heart disease, diabetes, and mental health conditions lead to lengthy and costly hospitalizations. According to national data from the Center for Disease Control, between 2015 and 2018, homeless individuals averaged 203 emergency room visits per year per 100 homeless individuals.⁵⁹ That is nearly five times that of the housed population—and at an average cost per day of \$3,000. This puts a strain on state, federal, and private health care systems. I saw this firsthand in my career as an emergency room physician. Chronically homeless individuals are many of the highest Medicaid utilizers in the state, where 3.61% of Medicaid users use over half of the state’s annual Medicaid budget.⁶⁰ This means that \$1.2 billion in Medicaid each year is utilized for the needs of just 13,000 people.⁶¹

This experience is not unique to Hawai‘i. Homelessness is at a record high nationwide.⁶² Over 650,000 people experienced homelessness across the United States in 2023. In some states the rate of homelessness increased by over 200% since 2016.⁶³ More people are experiencing homelessness for the first time. More people are experiencing unsheltered homelessness. More people are experiencing chronic homelessness. Severe housing cost burdens have increased dramatically over the past decade. Republican and Democratic states alike are grappling with increasing incidence of homelessness and are

⁵⁷ See *Data & Trends*, U.S. INTERAGENCY COUNCIL ON HOMELESSNESS, <https://www.usich.gov/guidance-reports-data/data-trends> [https://perma.cc/4TZ9-BGXC] (last visited Feb. 28, 2025).

⁵⁸ See generally Amanda Stafford & Lisa Wood, *Tackling Health Disparities for People Who Are Homeless? Start with Social Determinants*, 14 INT’L. J. ENV’T. RSCH. & PUB. HEALTH, no. 12:1535 (2017).

⁵⁹ Susan M. Schappert, Loredena Santo & Jill J. Ashman, *QuickStats: Rate of Emergency Department (ED) Visits, by Homeless Status & Geographic Region — National Hospital Ambulatory Medical Care Survey, United States, 2015–2018*, 69 MORBIDITY & MORTALITY WKLY. REP. 1931, 1931 (2020), <http://dx.doi.org/10.15585/mmwr.mm6950a8> [https://perma.cc/58AT-85NL].

⁶⁰ See HAW. HOUS. FIN. & DEV. CORP., CONSOLIDATED PLAN FOR PROGRAM YEARS 2020 THROUGH 2024 AND ANNUAL ACTION PLAN FOR PROGRAM YEAR 2020 25 (2020), https://dbedt.hawaii.gov/hhfdc/files/2020/09/FINAL_5YR-CONPLAN-AAP_20200716.pdf [https://perma.cc/G95N-CRCD].

⁶¹ See *id.*

⁶² See Daniel Soucy, Makenna Janes & Andrew Hall, *State of Homelessness in America: 2024 Edition*, NAT’L ALL. TO END HOMELESSNESS (Aug. 5, 2024), <https://endhomelessness.org/resources/research-and-analysis/state-of-homelessness-2024-edition/> [https://perma.cc/B3QL-VQ6R].

⁶³ See *id.*

struggling to address the root causes perpetuating chronic homelessness in their communities.

IV. HAWAI‘I’S CHALLENGES AND GAPS IN ADDRESSING HOMELESSNESS

States across the country find themselves grappling with challenges exacerbated by decades of failed policy interventions. Hawai‘i is particularly familiar with many of the challenges our nation is experiencing in addressing the homelessness crisis. Our state has the highest housing development costs in the nation and some of the highest regulatory burdens that prevent new housing development. We face a severe shortage in essential healthcare and social services workers to provide supportive services to our most vulnerable. These elements are needed to get people healthy and keep them housed. As the vast majority of essential goods are shipped or flown into our islands every day, local families face the highest cost of living of any state in the nation. This puts more of our neighbors at risk of falling into bouts of homelessness.

A. Factors Driving An Acute Housing Shortage

Ending homelessness requires a multi-faceted approach, but nearly all experts agree that adequate housing stock for those exiting homelessness is foundational.⁶⁴ In Hawai‘i, like in many other communities across the nation, the severe shortage of affordable housing poses the single greatest barrier to solving the homelessness crisis.⁶⁵ Reports suggest that the state needs over 4,000 units per year to keep up with historic population growth trends.⁶⁶ This, however, does not account for pent-up housing demand to address those experiencing homelessness and those in overcrowded homes, where the Hawai‘i Housing Finance and Development Corporation (“HHFDC”) found that the need statewide between 2020 and 2025 was 50,156 units—or 10,031 per year—to address the historic shortfall and meet new demand for housing.⁶⁷ Between 2012 and 2022, Hawai‘i only produced about 4,000 units per year on

⁶⁴ See generally Gregg Colburn & Clayton Page Aldern, HOMELESSNESS IS A HOUSING PROBLEM: HOW STRUCTURAL FACTORS EXPLAIN U.S. PATTERNS (2022).

⁶⁵ See Jessica Terrell, *Nowhere to Go; Lack of Housing and Staff Is Undercutting Efforts to Deal with Homelessness in Hawai‘i*, HONOLULU CIV. BEAT (Mar. 15, 2023), <https://www.civilbeat.org/2023/03/nowhere-to-go-lack-of-housing-and-staff-is-undercutting-efforts-to-deal-with-homelessness-in-hawaii/> [https://perma.cc/9K85-LBBV].

⁶⁶ See RENE KAMITA, RSCH. & ECON. ANALYSIS DIV., DEPART. OF BUS., ECON. DEV. & TOURISM, HAWAII HOUSING DEMAND 2025–2035 2 (2024). https://files.hawaii.gov/dbedt/economic/reports/hawaii_housing_demand_2024_final.pdf [https://perma.cc/9LKD-43XW].

⁶⁷ See SMS RSCH. & MKTG. SERVS. INC., HAWAI‘I HOUSING PLANNING STUDY 2020–2025 36 (2019) (prepared for the Haw. Hous. Fin. & Dev. Corp.), https://dbedt.hawaii.gov/hhfdc/files/2020/01/FINAL-State_Hawaii-Housing-Planning-Study.pdf [https://perma.cc/DEV9-LQLN].

average.⁶⁸ We now face a 50,000-unit shortfall, 10,500 of which are urgently needed for extremely low-income individuals most at risk of homelessness.⁶⁹

Developing permanent housing for low-income populations has proven increasingly challenging as costs of development continue to rise. Construction costs in Hawai‘i are the highest in the nation, driven in part by Hawai‘i’s geographic isolation. To build a home, nearly every material must be shipped from the continental U.S.—from hurricane-resistant windows down to each galvanized nail. These shipping costs significantly drive up the cost of housing, leading to both Hawai‘i and Alaska having the highest construction costs per unit of any other state.⁷⁰ Beyond material costs, Hawai‘i’s land values are the highest in the nation.⁷¹ These factors make it difficult to finance housing units targeted to low-income populations. Meanwhile, for individuals exiting homelessness, this means affordable housing is scarce—leaving transitional housing and shelters overwhelmed and more people turning to the streets.

Regulatory costs further exacerbate the price of building new housing.⁷² Hawai‘i is one of a few states in the country that has a two-tier land use law, established under the 1978 Hawai‘i State Constitutional Convention, where both the state and counties regulate land use.⁷³ Today, only five percent of Hawai‘i’s approximately 4.1 million acres of land is classified at the state level as “urban,” with the rest classified as “conservation,” “agricultural,” or “rural.”⁷⁴ State land use boundaries and county zoning have proved duplicative and highly restrictive, making for a lengthy process for new housing projects to gain entitlements. Projects then often wait over a year to receive their building permits.⁷⁵ Time is money in the development of affordable housing. For each year a project is delayed, inflation, rising construction costs, and higher interest rates threaten the feasibility of new housing development. State and county agencies who process land use applications are also chronically

⁶⁸ See *UHERO Data Portal*, UNIV. OF HAW. ECON. RSCH. ORG., <https://data.uhero.hawaii.edu/#/analyzer?analyzerSeries=150869-150878-150866-150872-150875&chartSeries=150869-150878-150866-150872-150875&start=2012-01-01&end=2022-01-01&compare=false> [https://perma.cc/V5X3-MRAK] (selected data sets between 2012–2022) (last visited Mar. 4, 2025).

⁶⁹ See SMS RSCH. & MKTG. SERVS. INC., *supra* note 67, at 38.

⁷⁰ See TYNDALL ET AL., *supra* note 44, at 5.

⁷¹ See *id.* at 4.

⁷² See *id.* at 6. According to a study by the University of Hawaii, Economic Research Organization, regulatory burden adds \$387,000 to the price of a new condo, comprising 58% of the overall market price. See *id.* at 6.

⁷³ See JAMES T. SHON, HAW. LEGIS. REFERENCE BUREAU, 1978 CONSTITUTIONAL CONVENTION STUDIES: ARTICLE X, CONSERVATION AND DEVELOPMENT OF RESOURCES, AND ARTICLE XI, HAWAIIAN HOME LANDS 53 (Richard F. Kahle, Jr. ed., 1978), https://lrb.hawaii.gov/wp-content/uploads/1978ConConStudies_ArticleX_ConservationandDevelopmentofResources-and-ArticleXI_HawaiianHomeLands.pdf [https://perma.cc/L74Y-P8TL].

⁷⁴ See HAW. DEP’T OF BUS., ECON. DEV. & TOURISM, STATE OF HAWAII DATA BOOK 2023: A STATISTICAL ABSTRACT, § 6.02 (2024), <https://files.hawaii.gov/dbedit/economic/databook/db2023/section06.pdf> [https://perma.cc/U5RR-HAF6].

⁷⁵ See TYNDALL ET AL., *supra* note 44, at 8.

under-resourced, making it harder to quickly and effectively move through the development process.

To address restrictive land use laws and to expedite the development of affordable housing, the Hawai‘i State Legislature in 2005 passed landmark legislation seeking to streamline the development of affordable housing through Act 196.⁷⁶ This law allows the Hawai‘i Housing Finance and Development Corporation and the state’s four counties to provide exemptions that lower the per-unit cost of new affordable housing development, including height restrictions, floor area ratio, setback requirements, and impact fees.⁷⁷ Without these exemptions and fee waivers, affordable housing projects often do not make financial sense. The exemptions, however, are still subject to the approval of the county council.⁷⁸ The discretionary nature of the process has resulted in some affordable housing projects stalling out.⁷⁹ Residents with Not-In-My-Backyard (NIMBY) sentiments have blocked new development of affordable housing projects in their neighborhoods.⁸⁰

Across the state, housing projects are also stalled, slowed, or made more expensive due to inadequate infrastructure for new housing development. Infrastructure development can be costly, and counties have often historically passed along those costs to housing developers. This drives up the total costs for development of new housing, in turn making affordable housing projects harder to pencil and driving up the sales prices of new for-sale housing development. In some cases, the creation of new infrastructure—such as water and wastewater infrastructure—has been politically or financially fraught, effectively halting future housing development in some areas.⁸¹

These added costs stretch the state’s already limited resources for financing new affordable housing development. The most common vehicle for affordable housing development in Hawai‘i—like in most states—is the Federal LIHTC program. Enacted as a part of the Tax Reform Act of 1986 and

⁷⁶ HAW. REV. STAT. § 201H-38 (2024).

⁷⁷ See *id.*

⁷⁸ See HAW. REV. STAT. § 201H-38(1)(C) (2024).

⁷⁹ See Casey Harlow, *Affordable Housing Project for Older Residents Divides Mānoa Community*, HAW. PUB. RADIO (Jan. 23, 2023), <https://www.hawaiipublicradio.org/local-news/2023-01-23/manoa-banyan-court-project-continues-to-divide-community> [https://perma.cc/X6FW-6R37].

⁸⁰ For example, a 288-unit low-income housing project targeting housing options for senior residents on fixed-incomes in one of the wealthiest zip codes in Honolulu County was blocked by nearby neighbors in 2023. The Honolulu City Council deferred a vote on the project’s 201H-38 application in 2023, and it has not been brought to the Council since. In 2020, a 73-unit low-income housing project was blocked by nearby residents. After the Honolulu City Council signaled a disapproving vote on the project’s 201H-38 application, the developer rescinded its application. See Andrew Gomes, *Plan for Affordable Housing in Kailua Draws Controversy*, HONOLULU STAR-ADVERTISER (June 4, 2020), <https://www.staradvertiser.com/2020/06/04/hawaii-news/plan-for-affordable-housing-in-kailua-draws-controversy/> [https://perma.cc/7F8K-322R].

⁸¹ Colleen Uechi, *Decline in West Maui Water Supply Means New Housing Projects Will Have to Wait*, MAUI Now (Apr. 14, 2025), <https://mauinow.com/2025/04/14/decline-in-west-maui-water-supply-means-new-housing-projects-will-have-to-wait/> [https://perma.cc/L387-5QRL].

codified in U.S. Code Title 24, Section 42, the program incentivizes private development of low-income housing where rents are determined at various levels of the Area Median Income (“AMI”) at or below sixty percent AMI.⁸² Federal law allocates tax credits and state bonding capacity based on population size with a floor for states deemed “small states,” and does not provide adjustments for local context or costs.⁸³ Hawai‘i receives the small state minimum but has the highest housing development costs in the nation.⁸⁴ As a result, while some states can finance dozens of projects each year, Hawai‘i can finance far fewer.

With the high costs of housing development relative to the limited financing available through federal sources, the state has passed multiple pieces of legislation aimed at closing the gap. The State of Hawai‘i allocates 100% of its annual private activity bond cap to financing new housing construction every year. The state established its own LIHTC program in 1987 under Hawaii Revised Statutes § 235-110.8—providing a complementary state tax credit to enable more equity opportunities for affordable housing developers.⁸⁵ In addition, the state created its Rental Housing Revolving Fund (“RHRF”) in 1992 through Act 308, Session Laws of Hawai‘i.⁸⁶ Codified in Hawaii Revised Statutes §201H-202, the program provides low-interest loans to serve as gap financing to further subsidize the development of new affordable housing each year.⁸⁷ Still, these financing programs are widely oversubscribed, and the state only awards roughly one-third of projects applying for financing each year.⁸⁸

In addition to complications in constructing new housing, Hawai‘i faces challenges in preserving housing that is affordable to our local people. Hawai‘i is a beautiful state that welcomes between nine and ten million tourists each year who come to share in our rich culture and natural resources.⁸⁹ The state’s high rate of tourism has brought economic opportunity for many residents, with the tourism industry representing nearly twenty percent of the state’s jobs.⁹⁰ It also, though, has put a significant strain on our local housing stock.

⁸² See Tax Reform Act of 1986 § 252, 26 U.S.C. § 42.

⁸³ See *id.*

⁸⁴ See GRANT A. DRIESSEN, CONG. RSCH. SERV., RL31457, PRIVATE ACTIVITY BONDS: AN INTRODUCTION 11 (2022), <https://www.congress.gov/crs-product/RL31457> [https://perma.cc/3FYP-6WAR]; JUSTIN TYNDALL, EMI KIM & VICTORIA RHINEBOLT, WHY ARE CONDOMINIUMS SO EXPENSIVE IN HAWAI‘I? 6 (2024), https://uhero.hawaii.edu/wp-content/uploads/2024/02/WhyAreCondominiumsSoExpensiveInHawaii_Report.pdf [https://perma.cc/BUW6-A5TX].

⁸⁵ See HAW. REV. STAT. § 235-110.8 (2024).

⁸⁶ See Act Relating to the Financing of Affordable Rental Housing, No. 308, 1992 Haw. Sess. Laws 987, 987–92 (codified as HAW. REV. STAT. § 201H-202 (2024)).

⁸⁷ See HAW. REV. STAT. § 201H-202 (2024).

⁸⁸ See Haw. Hous. Fin. Dev. Corp., Haw. Dep’t of Bus., Econ. Dev. & Tourism, Financial Status of Major Development and Finance Branch Programs 3 (Nov. 30, 2024), <https://dbedt.hawaii.gov/hhfdc/files/2024/12/2024-1212-IV.A.-HHFDC-Program-Resources-SECURED.pdf> [https://perma.cc/78D9-9BEV].

⁸⁹ See HAW. DEP’T OF BUS., ECON. DEV. & TOURISM, 2023 ANNUAL VISITOR RESEARCH REPORT 2 (2023), <https://files.hawaii.gov/dbedt/visitor/visitor-research/2023-annual-visitor.pdf> [https://perma.cc/N69R-HX8X].

⁹⁰ See HAW. DEP’T OF BUS., ECON. DEV. & TOURISM, TOURISM AND HAWAII ECONOMY 3 (2023), https://files.hawaii.gov/dbedt/economic/data_reports/download/Tourism%20and%20Hawaii%20Economy_Oct3_2023.pdf [https://perma.cc/WX7D-P742].

A significant proportion of our state’s residential housing units are used as short-term rentals or sit vacant as second homes and investment properties for most of the year. Data suggests that 14% of the state’s housing stock—nearly 80,000 units—sat vacant between 2017 and 2021, and that 5.5%—roughly 30,000 units—are short-term rentals.⁹¹

B. High Barriers of Entry to Housing

Federal and state policies further complicate the journey for people experiencing chronic homelessness—particularly those struggling with substance use disorders and criminal records—from accessing stable housing. The Anti-Drug Abuse Act of 1988 was passed by Congress to escalate the “War on Drugs” in the United States.⁹² It was designed to prevent the manufacture, distribution, and use of illegal drugs. Part of this Act was the Public Housing Drug Elimination Program, which was intended to help public housing agencies combat drug use and drug-related crime in their developments.⁹³ The Drug Elimination Program provided incentives to public housing agencies to create strategies to reduce crime in their developments through education, on-site treatment, physical improvements, and law enforcement.⁹⁴

In 1996, the Drug Elimination Program was supplemented by the Housing Opportunity Program Extension Act of 1996, which established the foundation for the “One Strike and You’re Out” policy for public housing residents and Section 8 voucher holders.⁹⁵ This new policy introduced a strict and straightforward One Strike policy, whereby people in public housing who engaged in drug and other criminal activity would face swift and certain eviction.⁹⁶ The implementation of the policy led to clear language in public housing leases that illegal drug use and other criminal activities that threaten the well-being of other residents would be grounds for eviction.⁹⁷ This policy also allowed public housing authorities to screen and deny occupancy based on illegal drug-related activity, alcohol abuse, prior criminal convictions, and prior evictions because of drug-related criminal activity.⁹⁸ The policy was extended to allow public housing authorities to enforce the obligations under

⁹¹ OFF. OF POL’Y. & SUSTAINABLE DEV., STATE OF HAWAI‘I PATHWAYS TO REMOVING OBSTACLES TO HOUSING (PRO HOUSING) GRANT APPLICATION 14 (2023), <https://hale.hawaii.gov/wp-content/uploads/2023/11/State-of-Hawaii-PRO-Housing-Grant-Application-FINAL.pdf> [https://perma.cc/7GV5-UGCE].

⁹² See generally Anti-Drug Abuse Act of 1988, Pub. L. No. 100-690, 102 Stat. 4161 (1988) (codified as amended at 21 U.S.C. § 1501 et seq.).

⁹³ See OFF. OF POL’Y DEV. & RSCH., U.S. DEP’T OF HOUS. & URB. DEV., PUBLIC HOUSING DRUG ELIMINATION PROGRAM RESOURCE DOCUMENT FINAL REPORT 1 (1994), <https://www.huduser.gov/portal/Publications/pdf/HUD-006464.pdf> [https://perma.cc/U7ES-MRTF].

⁹⁴ See *id.* at 2–4.

⁹⁵ See U.S. DEP’T OF HOUS. & URB. DEV., MEETING THE CHALLENGE: PUBLIC HOUSING AUTHORITIES RESPOND TO THE “ONE STRIKE AND YOU’RE OUT” INITIATIVE xviii (1997), <https://www.ojp.gov/pdffiles1/Photocopy/183952NCJRS.pdf> [https://perma.cc/G37X-45DD].

⁹⁶ See *id.*

⁹⁷ See 24 C.F.R. §§ 880.607, 960.509 (2024).

⁹⁸ See *id.* § 960.203 (2024).

the lease by evicting entire households when a household member or guest committed a crime in violation of lease provisions.⁹⁹ These policies created a significant barrier to individuals with criminal records seeking public housing, potentially preventing them from accessing stable housing due to past offenses, even when they no longer posed a threat.

The One Strike policy was codified in Hawai‘i’s public housing rules for both state and federal properties.¹⁰⁰ Despite guidance issued by HUD in 2016 regarding the application of fair housing act standards to the use of criminal records in real estate transactions, this barrier has persisted.¹⁰¹

C. Cost of Living

Hawai‘i’s residents face the highest cost of living in the nation, the result of a complex set of factors both natural and man-made.¹⁰² Geographic isolation plays a large role in Hawai‘i’s high cost of living, with ninety-seven percent of consumer goods imported via ocean cargo.¹⁰³ A federal law known as the Jones Act mandates that all shipping between U.S. ports must be conducted by U.S.-built, U.S.-owned, and U.S.-registered vessels, leaving Hawai‘i reliant on a small number of Jones Act-eligible vessels to supply its basic necessities.¹⁰⁴ A 2020 study found that the Jones Act significantly increased costs to Hawai‘i consumers, resulting in an annual cost of \$645 per resident and a median annual cost of \$1.2 billion to Hawai‘i’s economy.¹⁰⁵

Hawai‘i’s tax structure also does little to help the situation. A January 2024 study identified the state as having the twenty-second most regressive tax system in the nation.¹⁰⁶ Hawai‘i ranks third in the nation when it comes to high taxation of its lowest-income families, with the bottom 20% of earners paying an effective tax rate of 14.1%, compared to an effective tax rate of 10.1% for the top 1% of earners.¹⁰⁷ These factors are driving out Hawai‘i’s essential workforce, particularly middle-income earners. According to a recent survey, twenty-six percent of Hawai‘i’s middle-income workers believe they will have to move to the U.S. mainland because of the rising cost of living, with an

⁹⁹ See *id.*

¹⁰⁰ See HAW. CODE R. §§ 17-2028, 17-2034 (2024).

¹⁰¹ See OFF. OF GEN. COUNS., U.S. DEP’T OF HOUS. & URB. DEV., OFFICE OF GENERAL COUNSEL GUIDANCE ON APPLICATION OF FAIR HOUSING ACT STANDARDS TO THE USE OF CRIMINAL RECORDS BY PROVIDERS OF HOUSING AND REAL ESTATE-RELATED TRANSACTIONS 1–10 (2016), https://www.novoco.com/public-media/documents/hud_ogc_guide_fha_040416.pdf [https://perma.cc/E3JG-F3UN].

¹⁰² See MO. ECON. RSCH. & INFO. CTR., *supra* note 43.

¹⁰³ GRASSROOT INST. OF HAW., QUANTIFYING THE COST OF THE JONES ACT TO HAWAII 7 (2020), <https://www.grassrootinstitute.org/wp-content/uploads/2020/07/GRIH-Quantifying-the-cost-of-the-Jones-Act-to-Hawaii.pdf> [https://perma.cc/SJZ3-5MT9].

¹⁰⁴ 46 U.S.C. § 50101.

¹⁰⁵ GRASSROOT INST. OF HAW., *supra* note 103, at 3.

¹⁰⁶ INST. ON TAX’N. & ECON. POL’Y., WHO PAYS? A DISTRIBUTIONAL ANALYSIS OF THE TAX SYSTEMS IN ALL 50 STATES 10 (2024), <https://sfo2.digitaloceanspaces.com/itep/ITEP-Who-Pays-7th-edition.pdf> [https://perma.cc/RC27-GPMR].

¹⁰⁷ *Id.* at 41, 49.

additional forty-four percent unsure of whether they will be able to keep living in the state.¹⁰⁸ Losing these workers will undoubtedly have a major impact on Hawai‘i’s economy and lower the standard of living for all of our residents.

D. Homelessness, Mental Health Conditions, and Substance Use

Homelessness does not have a single cause or a single solution in any locale. Hawai‘i’s homeless population is comprised of a diverse group of individuals, each with their own stories, challenges, and solutions. Some individuals are temporarily homeless. Families and individuals who are houseless may be experiencing economic distress due to unemployment or underemployment, coupled with rising housing and living costs. Many chronically homeless individuals may struggle due to mental illness, physical ailment, or substance abuse. Some homeless individuals may be fully employed, but struggle with finding permanent housing they can afford.

Given this complexity, any long-term, durable strategy for homelessness must both give attention to caring for Hawai‘i’s most needy and consider the diversity of needs in every unique situation. Much of Hawai‘i’s homeless population struggles with mental illness and addiction. Those with serious mental illness and chronic substance abuse disorders comprise a significant proportion of Hawai‘i’s homeless population. The lion’s share of Hawai‘i’s increasing homeless population across the neighbor islands experience these issues. From 2018 to 2023, there was a 7.8% increase in the total homeless population with a 38.6% increase in those with a serious mental illness and a 27.9% increase in those with chronic substance abuse disorders.¹⁰⁹ The 2024 Point-In-Time (“PIT”) Count for Honolulu County revealed that thirty-three percent of its homeless population reported a mental illness, and twenty-six percent reported a substance use disorder.¹¹⁰ Likewise, the 2024 PIT count for Maui, Hawai‘i, and Kaua‘i counties revealed that thirty-four percent of those populations reported a mental illness and twenty-eight percent reported a substance use disorder.¹¹¹

E. Lack of Adequate Prevention and Crisis Services Leading to Criminal Legal Involvement

In Hawai‘i, like in most communities across the nation, individuals experiencing homelessness, particularly those grappling with substance use disorders and mental health challenges, are disproportionately represented

¹⁰⁸ HOLOMUA COLLECTIVE, HAWAI‘I AFFORDABILITY SURVEY (2024), <https://holomuacollective.org/survey/> [https://perma.cc/EQH9-LMNX].

¹⁰⁹ STATE OF HAW. OFF. OF THE GOVERNOR, THE HAWAI‘I WE DESERVE: STATE OF HAWAI‘I’S REPORT TO THE PEOPLE 2024 32 (2024), <https://governor.hawaii.gov/wp-content/uploads/2024/03/2024-Green-Admin-Policy-Briefing-Report-1.pdf> [https://perma.cc/72HH-BV38] [hereinafter *The Hawai‘i We Deserve*].

¹¹⁰ PARTNERS IN CARE, *supra* note 51, at 8.

¹¹¹ Ka Mana O Na Helu, *supra* note 39, at 11, 15.

within the criminal legal system. Decades of underinvestment in mental health infrastructure and services, coupled with the lack of access to care, have resulted in an overreliance on the criminal legal system. A person is more likely to encounter law enforcement officials in the community when experiencing unstable housing due to minor infractions like trespassing, loitering, or sleeping in public places. Inadequate and under-resourced community-based prevention and early intervention services leave individuals with untreated conditions that can escalate into a crisis. Law enforcement personnel are frequently first responders. Behaviors associated with untreated mental health conditions and substance use disorders often lead to arrest, detention, fines, and incarceration. Jails and prisons often serve as de facto mental health facilities for these untreated conditions. This reactive dynamic fails to address root causes and leads to a fast track into the criminal legal system resulting in costly institution-based care rather than supporting successful community integration and recovery. Effective reentry programs are crucial for successful reintegration into society and should address housing, healthcare, and linkage with services to support stability, encourage recovery, and reduce recidivism.

V. POLICY SOLUTIONS: STRENGTHENING THE SOCIAL HEALTH SYSTEM THROUGH THE KAUAHE MODEL AND BEYOND

The present challenges perpetuating homelessness in our communities suggest that Hawai‘i’s homelessness crisis is born from a fundamental failure in our social health system in the state. Hawai‘i’s well-being is built around a foundational triangle of (1) a living wage for our residents; (2) housing and food security; and (3) access to healthcare. The three sides of the triangle capture such issues as chronic poverty, harm reduction, loan forgiveness, homelessness, and the housing crisis. Homelessness represents the most acute needs at the intersections of the triangle, where individuals are strained by cost of living and inadequate wages, extreme housing and food insecurity, and lack of access to adequate health care. My administration’s policies to address homelessness, discussed further in this section, both focus on immediate solutions to respond to the emergent crisis and expand further to build long-term capacity and ensure system resilience.¹¹² The approach addresses the immediate need to stabilize the homelessness crisis and creates a foundation to build capacity and resilience to prevent homelessness in the long-term.

¹¹² See generally STATE OF HAW., OFF. OF THE GOVERNOR, *supra* note 109.

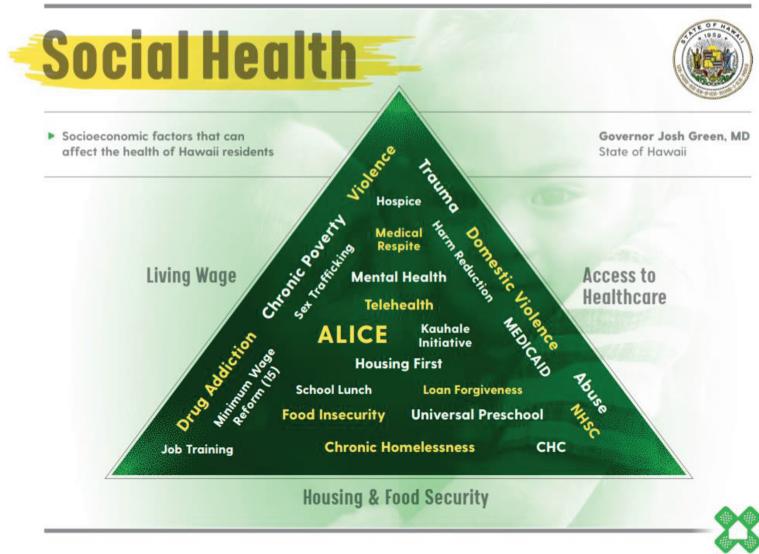


FIGURE 1: Social Health.

A. Overview: The Kauhale Model

History has taught us that there is no single solution to homelessness. The early 1900s showed that access to jobs alone was not sufficient. The mid-to-late 1900s showed that expanding the availability of temporary shelter beds amidst massive cuts to social services and reduced availability of deeply subsidized housing allowed tens of thousands to fall through the cracks. While the Housing First model of the 2000s and 2010s showed promise, resources to fund subsidized housing development and permanent supportive services were never fully realized.¹¹³ In the state of emergency that we find ourselves in today, we need to turn to more innovative approaches to build the necessary permanent housing; deploy flexible funding for housing supports, including health and social services; and provide care that meets people where they are in their journey to stable housing—beyond survival to thriving in the community.

Agility and innovation to address the compounding variables perpetuating homelessness is at the core of my administration’s Kauhale model. Kauhale

¹¹³ Dennis Culhane, Matthew Fowle & Joy Moses, *How Much Would It Cost to Provide Housing First to All Households Staying in Homeless Shelters?*, NAT'L ALL. TO END HOMELESSNESS (Mar. 11, 2025), https://endhomelessness.org/wp-content/uploads/2025/03/3.11.25_Cost-to-Provide-Housing-First-to-All-Households-Staying-in-Shelters.pdf [https://perma.cc/LWB4-4T8E].

is a community-centered model focused on expediting the development of cost-effective spaces to provide semi-permanent housing and supportive services that those experiencing homelessness need to thrive. Kauhale brings back the concept of Single Resident Occupancy (“SRO”) housing options for low-income residents. Kauhale pairs private personal room spaces with communal living spaces, often envisioned as tiny home villages, prefabricated homes, or dormitories with shared communal spaces, such as bathrooms and kitchens.¹¹⁴ In fiscal year 2024, the Hawai‘i State Legislature appropriated \$33 million to support the expansion of the Kauhale Initiative.¹¹⁵ My administration requests even further funds for the fiscal biennium 2025–2027: we are requesting \$50 million in each fiscal year for the build-out of the Kauhale program.¹¹⁶ This funding infusion aims to address decades of underinvestment in housing and services for homeless populations.¹¹⁷

In the aftermath of COVID-19, the sub-populations of the chronically homeless and those who struggle with substance abuse had the highest level of need. The Kauhale model addresses the needs of these two sub-populations. These are the individuals typically conjured as “homeless” in Hawai‘i’s public consciousness. Hawai‘i will continue to invest in permanent solutions that create spaces for our people to be housed and healed. We are currently at the forefront of piloting new approaches to addressing homelessness. Leveraging emergency powers and an unprecedented state investment in housing and services for our unsheltered neighbors, we are stabilizing the homelessness crisis—aiming to reduce unsheltered homelessness by fifty percent by 2026. Since 2023, we have opened over 850 Kauhale units across more than twenty project sites.¹¹⁸

The Kauhale model builds on successes and failures in previous approaches to homelessness. In addition to lower-cost shelter that pairs individual private spaces with shared communal facilities, Kauhale also provide pathways to services. Kauhale communities are flexible and respond to the specific needs of various sub-populations experiencing homelessness. They can provide permanent supportive housing, where individuals spend no

¹¹⁴ See STATE OF HAW., OFF. OF THE GOVERNOR, HOUSING IS HEALTH CARE (2023), <https://governor.hawaii.gov/wp-content/uploads/2023/07/Housing-is-Healthcare-2023-no-crops.pdf> [<https://perma.cc/WJ3C-G7QZ>].

¹¹⁵ Press Release, State of Haw., Off. of the Governor, Gov. Green Balances Financial Plan and Signs Budget that Invests in Hawai‘i’s Priorities (Jul. 9, 2024), <https://governor.hawaii.gov/newsroom/office-of-the-governor-news-release-gov-green-balances-financial-plan-and-signs-budget-that-invests-in-hawai%ca%bbis-priorities/> [<https://perma.cc/RX9H-NSXV>].

¹¹⁶ Press Release, State of Haw., Off. of the Governor, Gov. Green Submits Biennium Budget Prioritizing Affordability, Housing, Health Care, Education, Biosecurity (Dec. 16, 2024), <https://governor.hawaii.gov/newsroom/office-of-the-governor-news-release-gov-green-submits-biennium-budget-prioritizing-affordability-housing-health-care-education-biosecurity/> [<https://perma.cc/5KZZ-Y2LV>].

¹¹⁷ See *id.*

¹¹⁸ See *Current List of Operational Kauhale Projects*, STATE OF HAW., OFF. ON HOMELESSNESS & HOUS. SOLS. (2025), <https://governor.hawaii.gov/statewide-office-on-homelessness-and-housing-solutions/> [<https://perma.cc/P5A8-TWD9>] [hereinafter .

more than thirty percent of their income on rent and receive robust social services to stay housed in the long-term.¹¹⁹ Kauhale can include triaging services and can serve as medical respite, where people with mental health and substance use disorders can access treatment and stable housing as a first step towards recovery.¹²⁰ They can be semi-permanent transitional housing, where individuals diverted from or exiting the criminal justice system—or other individuals with complex housing needs—can stay as long as needed and access supportive services until they can be moved into a safe and appropriate housing unit for their unique needs.

Most importantly, Kauhale work to house a neighborhood’s homeless individuals—preventing displacement of individuals experiencing homelessness and allowing them to stay rooted in their communities. Further, our Kauhale function like a village, with people taking care of the place and each other. This model is sustainably affordable because, over time, people depend on their community for support, in addition to robust wraparound supportive services. After nearly a year in operation, one of my administration’s first Kauhale—Ho’okahi Leo Kauhale—will see an actual decrease in operating costs in the coming year as residents take on more responsibilities relating to property management and provision of essential services.

One of the Kauhale Initiative’s key successes has been the speed at which we have been able to bring new housing units online. Traditional pathways for permanent housing development have failed to adequately provide new housing stock for extremely low-income people: those at or below thirty percent of the Area Median Income (“AMI”).¹²¹ With federal regulations capping the development of new public housing and distribution of Section 8 housing vouchers, which caps the amount of rent charged at thirty percent of a household’s total income, new affordable housing development has been largely left to the private sector through the LIHTC program.¹²² The LIHTC program, though, determines formula rents based on the AMI, rather than a household’s unique income. Projects typically include units with rents aimed at those earning at or below sixty percent AMI, with some units serving those at or below thirty percent AMI. In LIHTC projects across the state, there are about 400 units with rents affordable to those earning at or below thirty percent AMI slated to come online in LIHTC projects over the next five years or so, leaving a gap

¹¹⁹ See *Kama’okū Kauhale*, U.S. VETS, <https://usvets.org/kamaoku-kauhale/> [https://perma.cc/CPE6-CHD5].

¹²⁰ See, e.g., *About Pūlama Ola*, PROJECT VISION, <https://www.projectvisionhawaii.org/pulamaola> [https://perma.cc/4UJC-QFCW] (last visited Mar. 5, 2025).

¹²¹ *FY2025 Income Limits Documentation System, FY2925 State Income Limits: Hawai‘i*, U.S. DEP’T OF HOUS. & URB. DEV., https://www.huduser.gov/portal/datasets/il/il2025/2025summary.odn?inputname=STTLT*1599999999%2BHawaii&selection_type=county&stname=Hawaii&statefp=15.0&year=2025 [https://perma.cc/SK3Q-3TL3] (last visited Mar. 5, 2025).

¹²² See *LIHTC for Regular People, How Rents Are Set*, SHELTERFORCE (Nov. 30, 2023), <https://shelterforce.org/2023/11/30/lihtc-for-regular-people/#how-are-rents-set> [https://perma.cc/UYE2-UQFW].

in housing stock for extremely low-income residents.¹²³ Those experiencing homelessness often make far below thirty percent AMI and still struggle to afford rent costs in the limited housing stock. The Kauhale Initiative addresses this gap. We have opened over 800 beds since 2023 with rents capped at thirty percent of the household's income to reach a deeper level of affordability.¹²⁴

As most programs are only just approaching their first full year in operation, programs have yet to undergo an in-depth performance evaluation. However, preliminary data underscores the success of the model thus far. The Ho'okahi Leo Kauhale is one of our semi-permanent Kauhale sites, where though not technically "permanent" housing, residents are eligible to stay in their unit as long as they like. The community has twenty tiny home units with shared bathroom and kitchen spaces and has successfully housed twenty-three individuals since opening in February 2024. Since its inception, all twenty-three individuals have engaged with healthcare providers, and over half have established a relationship with a primary care physician. Prior to their placement in Kauhale, many residents reported frequent emergency room visits—averaging two to three days per week. Post-placement in their Kauhale, this number has drastically reduced to an average of approximately once per month—representing a positive trend in healthcare management and access.¹²⁵

One resident at Ho'okahi Leo Kauhale had been unsheltered in the Sand Island area of O'ahu for over fifteen years. Since moving into her Kauhale unit, she has reconnected with her family and children, and even visited them this year for Christmas. She has effectively reduced her substance use. She has begun working as a contracted peer security aide at her Kauhale—allowing her to gain work experience, save money for a place of her own, and invest back into her Kauhale community. She actively utilizes on-site mobile medical unit services and looks forward each week to the on-site Zumba classes to stay healthy. The weekly community dinners organized by staff have helped her foster lasting friendships.

Ka Malu Ko'olau Kauhale has thirty-one units at 100% occupancy. Nearly eighty percent of residents have connected with a primary care physician, and over ninety percent are enrolled in the state's Medicaid program.¹²⁶ Two of the community's leaders have been working with the Kauhale's administrative staff to clear the nearby hill side for fruit and vegetable production, as well as coordinate all holiday parties where each resident contributes food or labor to the celebration. They are working to set up a neighborhood watch group that supports the unsheltered homeless people in the nearby park and plan a

¹²³ See *Affordable Housing Pipeline*, STATE OF HAW. OFF. OF THE GOVERNOR'S HOUS. TEAM, <https://hale.hawaii.gov/pipeline/> [<https://perma.cc/UN88-JVGM>] [hereinafter *Affordable Housing Pipeline*] (last visited Mar. 5, 2025).

¹²⁴ Haw. H.B. 431, 33d Leg., Reg. Sess. (2025), https://www.capitol.hawaii.gov/sessions/session2025/bills/HB431_CD1_.HTM [<https://perma.cc/57KA-89MY>].

¹²⁵ Internal tracking data from February 21, 2025 (on file with author).

¹²⁶ Internal tracking data from February 23, 2025 (on file with author).

service fair for them every month. The residents also do weekly clean ups on the sidewalks and roads surrounding the Kauhale to be good neighbors who contribute to the community.

This is what success looks like for Kauhale. Kauhale communities bring people off the streets and into housing while reducing costs to our medical system. More than that, the program fosters a sense of community and ownership of the Kauhale sites, which are rooted in the communities where our houseless neighbors live.

B. Emergency Powers to Stabilize the Crisis

For the Kauhale model to work, low-cost housing solutions must be deployed quickly and cost-effectively. Housing is an essential pillar that supports the physical and mental health of our population. In light of the homelessness crisis in Hawai‘i, traditional approaches to housing development are insufficient to build the permanent housing units that are affordable to those most vulnerable to homelessness within a reasonable timeframe. Within our existing housing development framework, it is nearly impossible to build the scale of housing we need for those living at or below thirty percent of AMI—those facing the most extreme poverty and who are most vulnerable to homelessness. The state expects to produce 5,700 units affordable to those earning sixty percent AMI.¹²⁷ Of those, just seven percent are expected to be affordable for those at or below thirty percent AMI.¹²⁸ Estimates show that there is demand for upwards of 10,000 units at this income bracket.¹²⁹

Hawai‘i law provides the governor with broad authority to declare emergencies and marshal state resources to respond immediately to protect the public from harm.¹³⁰ Under the emergency management law, the governor may, in his sole discretion, proclaim that a state of emergency exists when there is an imminent threat to the state. After making such a declaration, the governor may direct state officials to take necessary action to address the situation, free up funds to mitigate the risk to the public, suspend any law that impedes efforts to respond to the emergency, and promulgate emergency rules having the force and effect of law.¹³¹

Recognizing that states of emergency exist relating to homelessness and the lack of affordable housing in Hawai‘i, I issued two emergency proclamations to meet these threats head-on. On January 23, 2023, I declared that Hawai‘i’s homelessness crisis “is an emergency that poses an imminent threat that may likely result in substantial injury or harm to the homeless

¹²⁷ *HHFDC Response to AARP Report on Hawaii Housing*, HAW. HOUS. FIN. & DEV. CORP. (Feb. 27, 2024), <https://dbedt.hawaii.gov/blog/24-11> [<https://perma.cc/UH4G-D8RY>].

¹²⁸ See *Affordable Housing Pipeline*, *supra* note 123.

¹²⁹ See *id.*

¹³⁰ See generally HAW. REV. STAT. ch. 127A (2024).

¹³¹ See *id.* §§ 12–14, 25.

population.”¹³² This emergency proclamation temporarily suspended a number of state laws slowing down the construction of Kauhale communities and the provision of healthcare services to homeless individuals, and also imposed a set of emergency rules governing the orderly approval and construction of Kauhale projects.¹³³ This approach recognizes that Kauhale construction must proceed at an expeditious pace while preserving the environmental, cultural, and good government protections included in existing law.

Within a few months of the signing of the homelessness emergency proclamation, the first Kauhale opened: a medical respite Kauhale called Pūlama Ola, located across the street from one of Honolulu’s busiest hospitals.¹³⁴ Pūlama Ola was designed to accept homeless individuals discharged from the hospital in need of additional medical support and time to recover. Since the opening of Pūlama Ola, twenty-one additional Kauhale have been developed under the emergency proclamation.¹³⁵ With funding allocated by the legislature for the FY26–FY27 biennium, we expect to support an additional seven new Kauhale communities, totaling over 250 beds developed in the coming years.¹³⁶

On July 17, 2023, I declared that the lack of affordable housing in Hawai‘i constitutes an emergency, and that “access to housing for all is essential to the security, health, wellbeing and prosperity of our communities.”¹³⁷ Much like the emergency proclamation relating to homelessness, this proclamation temporarily suspended laws that slow down construction of affordable housing for Hawai‘i’s residents, allowing both state and county affordable housing projects to be developed at an accelerated pace.¹³⁸

¹³² STATE OF HAW., OFF. OF THE GOVERNOR, EMERGENCY PROCLAMATION RELATING TO HOMELESSNESS 1 (2023), <https://governor.hawaii.gov/wp-content/uploads/2023/01/2301116.pdf> [<https://perma.cc/KQB3-6UHF>].

¹³³ The proclamation suspends laws relating to: (1) procurement of goods and services; (2) land use; and (3) hiring of state employees. The emergency rules create a process whereby the Governor’s Coordinator on Homelessness certifies eligible Kauhale projects, allows for expedited review of any environmental and archaeological impacts for eligible projects, and requires Kauhale developers to agree to a restrictive covenant requiring the project to be used for housing of homeless individuals or families for a minimum of 20 years. *See STATE OF HAW., OFF. OF THE GOVERNOR, supra* note 132, 2–3.

¹³⁴ Press Release, State of Haw., Off. of the Governor, Blessing at Pūlama Ola Medical Respite Kauhale (May 26, 2023), <https://governor.hawaii.gov/newsroom/office-of-the-governor-news-release-blessing-at-pulama-ola-medical-respite-kauhale/> [<https://perma.cc/DPH3-HA4H>].

¹³⁵ *See Current List of Operational Kauhale Projects, supra* note 118.

¹³⁶ *See Haw. H.B. 431, supra* note 124.

¹³⁷ STATE OF HAW., OFF. OF THE GOVERNOR, PROCLAMATION RELATING TO HOUSING 1 (2023), <https://governor.hawaii.gov/wp-content/uploads/2023/07/2307072-1.pdf> [<https://perma.cc/63WN-DNPY>].

¹³⁸ Both emergency proclamations temporarily suspend laws relating to procurement of goods and services, hiring of state employees, and land use and zoning. Recognizing that these laws foster good governance and orderly development of communities, the two emergency proclamations contain alternate processes for state and county officials to follow that allow for faster approval and development of projects while still requiring adherence to these principles.

Since that proclamation, over 7,000 housing units have benefited from exemptions. Projects built on state lands by state agencies can entitle projects faster, and the emergency proclamation has facilitated entitlements for over 5,000 units through an expedited 201H-38 pathway that limits discretionary determination.¹³⁹ For example, the Mayor Wright Homes redevelopment project aims to transform the existing 364-unit public housing project into a 2,448-unit mixed-income community.¹⁴⁰ Proceeding under the emergency proclamation moved the project’s timeline up by a full calendar year. Other projects—both private and public—have benefited from impact fee waivers available under the proclamation, resulting in nearly \$25 million in savings to offset inflation and higher interest rates that threatened to stall out projects.¹⁴¹

The aim of these two emergency proclamations is to stop the bleeding: getting homeless individuals into Kauhale communities where they can receive medical and other social support services and expediting development of housing affordable to those with low or moderate incomes. As the medical community recognizes the importance of a “continuum of care” to provide consistent and coordinated healthcare to patients over a span of time, Hawai‘i has begun to understand that a housing continuum of care is necessary to lift individuals out of homelessness and into affordable permanent housing. Hawai‘i’s use of emergency powers is the first step in effecting lasting change on the housing landscape.

C. Building Long-Term Capacity and System Resilience

The emergency proclamations relating to homelessness and affordable housing allow the state and counties to quickly deploy innovative solutions to address immediate needs of those experiencing housing instability. Proclamations alone, however, are insufficient to stabilize the housing crisis. My administration is implementing policies to build long-term capacity that supports the whole continuum of care. As more Kauhale and more affordable housing units come online under emergency proclamations, the state needs systems in place to continue supporting programming, services, and housing projects in the long term. This requires sufficient staffing capacity to provide the range of medical and social services necessary to keep people successfully housed, more affordable housing options up and down the income ladder, better data and case management systems to track and respond to the needs of

¹³⁹ The Emergency Proclamation Relating to Affordable Housing allows projects to proceed under the state process to receive fee waivers and exemptions under HAW. REV. STAT. § 201H-38 but requires approval by the County Planning Director rather than the County Council. This makes the approval process more ministerial as opposed to discretionary, where the state agency tasked with housing planning (“HHFDC”) and the county agency director responsible for housing planning review a project’s qualifications for approval.

¹⁴⁰ See *Ongoing Development Portfolio*, HAW. PUB. HOUS. AUTH., <https://hpha.hawaii.gov/programs-and-resources/development/development-portfolio> [https://perma.cc/T8SX-3SCM].

¹⁴¹ Internal data from March 25, 2025 (on file with author).

those experiencing chronic homelessness, and pathways for people with high barriers to housing. As we work to build system capacity that can address the present homelessness crisis and prevent future instances of homelessness, we also need to ensure that Hawai‘i is a place where people feel they can afford to both live and thrive. Achieving true system resilience requires addressing the whole-scale cost of living to keep an essential workforce in Hawai‘i and lessen pressures exacerbating the homelessness crisis.

1. Addressing Housing Supply for Low-Income Households

For some, Kauhale communities are the last step in their housing journey. For many residents at Kama’okū Kalaeloa Kauhale or Ho’okahi Leo Kauhale, for example, Kauhale meet their housing needs and represent a community they want to live in long-term.¹⁴² For others, Kauhale are a step in a broader journey to permanent housing. Some may enter a medical respite-style Kauhale—such as the A’ala Medical Respite—and be referred to a long-term housing solution that meets their needs. Others may come to a Kauhale targeted toward youth experiencing homelessness, where young people gain access to job training and services to move into their own housing when they feel ready to do so.

The majority of households experiencing homelessness experience episodic homelessness—rather than chronic homelessness—due to high cost burdens and economic insecurity. A staggering sixty-six percent of our residents identify housing costs as the number one contributor to their sense of financial insecurity.¹⁴³ Producing more housing units, lowering the cost of housing, and sheltering our most vulnerable residents is the only way to create a livable Hawai‘i for generations to come. The first step to addressing homelessness is ensuring adequate housing supply to serve low-income populations. To do so, we are looking at a full-scale solution to housing availability up and down the income ladder to accommodate the journey to housing for all. This will require reform to state and county land use that promotes more housing density in our urban districts throughout the state.

In the 2024 legislative session, I signed two major land use bills designed to increase opportunities to build in the state’s urban areas. Act 37 requires counties to adopt or amend ordinances to facilitate the conversion of existing commercial buildings into residential units.¹⁴⁴ Act 39 increases urban density with accessory dwelling units (“ADUs”) by requiring counties to allow at least two ADUs to be built on most residentially zoned lots if

¹⁴² See, e.g., *Kama’okū Kauhale*, *supra* note 119; *Ho’okahi Leo Kauhale*, HOMEAID HAW., <https://homeaidhawaii.org/projects/hookahi-leo-kauhale> [<https://perma.cc/Z8CH-BXJF>] (last visited Mar. 5, 2025).

¹⁴³ See HOLOMUA COLLECTIVE, *supra* note 108.

¹⁴⁴ See Act 37, 2024 Haw. Sess. Laws 65, 65–67 (codified at HAW. REV. STAT. §§ 46, 107–26).

adequate infrastructure capacity is available.¹⁴⁵ These reforms get us closer to maximizing new housing options across the spectrum in our urban districts. My administration will continue to support efforts to maximize new housing development in urban areas, investing our resources to increase density in transit-oriented development areas and urban infill to create more diverse housing options that increase the overall supply of housing. This not only allows us to protect our important agricultural and conservation lands, but also is the most cost-effective utilization of critical state and federal financing resources—where higher density drives down the per-unit costs of housing and infrastructure development.

Creating the regulatory framework that supports housing density in urban districts is important, but the state cannot address the housing shortage without sufficient financing resources to realize new affordable housing development. To complement the state’s existing affordable housing finance programs, including the State Low-Income Housing Tax Credit, the Rental Housing Revolving Fund, and the Dwelling Unit Revolving Fund, we pushed forward two critical pieces of legislation in the 2024 legislative session. Act 34 allows the state’s housing finance agency, Hawai‘i Housing Finance and Development Corporation (HHFDC), to use state bonds to finance critical infrastructure necessary to support new housing, such as roads and utilities.¹⁴⁶ Act 35 authorizes HHFDC to recycle its private activity bond cap to unlock more financing for affordable housing.¹⁴⁷ The state estimates that if \$100 million of private activity bonds are recycled each year, it could support the production of at least 500 new housing units annually.¹⁴⁸ These pieces of legislation are essential in working within the constraints of current federal law that caps the bonding capacity of the state each year. Work still needs to be done at the federal level to allow states more flexibility in financing. Congress has the opportunity to pass legislation like the Tax Relief for American Families and Workers Act of 2024, which included bipartisan reforms to the Low-Income Housing Tax Credit program.¹⁴⁹ The legislation would decrease the private activity bond financing threshold from 50% to 30% and increase the LIHTC allocation to 12.5%.¹⁵⁰ For states like Hawai‘i that are significantly oversubscribed on their annual private activity bond cap in financing new housing development, this change in the test threshold would unlock significant new

¹⁴⁵ See Act 39, 2024 Haw. Sess. Laws 69, 69–75 (codified at HAW. REV. STAT. §§ 46-4, 46-143, 205, 206).

¹⁴⁶ See Act 34, 2024 Haw. Sess. Laws 56, 56–59 (codified at HAW. REV. STAT. §§ 201H-71, 201H-72, 201H-191.5).

¹⁴⁷ See Act 35, 2024 Haw. Sess. Laws 59, 59–63 (codified at HAW. REV. STAT. §§ 39B-2, 39B-5, 201H, 201H-202).

¹⁴⁸ See STATE OF HAW., OFF. OF THE GOVERNOR, 2024 LEGISLATIVE SESSION HOUS. DIGEST 11 (2024), <https://hale.hawaii.gov/wp-content/uploads/2024/07/2024-Legislative-Session-Housing-Digest.pdf> [https://perma.cc/78QV-C6JP].

¹⁴⁹ *Tax Relief for American Families and Workers Act of 2024*, H.R. 7024, 118th Cong. (2024) (as passed by House, Jan. 31, 2024).

¹⁵⁰ See *id.* §§ 501–02.

housing development. Gaining more efficiency in bond resources could result in thirty to forty percent more units each year with the same annual bond allocation.¹⁵¹

The state also needs more protections in place to preserve affordable housing in the long-term. For decades, the state has seen critical housing stock meant for local families slip into the tourism market. Short-term rentals have plagued communities across the state. Data shows that statewide, we have 32,140 active short-term vacation rentals—representing nearly 6% of our total housing stock.¹⁵² This percentage is highest in Kaua‘i and Maui Counties, where short-term rentals comprise 17.5% and 14% of the housing stock, respectively.¹⁵³

Hawai‘i saw firsthand the impact of the high prevalence of short-term rentals in the aftermath of the Lahaina wildfire, which destroyed more than 5,500 residential units.¹⁵⁴ Short-term rentals represented forty percent of the total housing stock in Lahaina, and fifteen percent of the total housing stock across the island.¹⁵⁵ Although short-term rentals yield a higher average income and allow flexibility for a homeowner to use a rental periodically throughout the year, they also make it hard to bring that housing stock into the rental market for residents, particularly in times of crisis.¹⁵⁶ Rapidly re-housing the 12,000 residents displaced by the wildfire proved challenging with such limited housing stock and a high proportion of units reserved for short-term rentals.¹⁵⁷

Previous state law had made it harder for counties to pass and enforce regulations on short-term rentals in their communities. As a result, my administration signed Act 17 into law in the 2024 legislative session.¹⁵⁸ The legislation authorizes counties to address short-term rentals by regulating land use, allowing counties to determine the time, place, manner, and duration of transient accommodations.¹⁵⁹ This legislation was long overdue and will allow counties to better preserve housing options for local people—preventing critical housing stock from slipping into the short-term rental market.

¹⁵¹ Internal projection from December 17, 2024 (on file with author).

¹⁵² TYNDALL ET AL., *supra* note 44, at 20.

¹⁵³ *Id.* at 23–24.

¹⁵⁴ STATE OF HAW., CNTY. OF MAUI, CDBG-DR ACTION PLAN 5 (2025), <https://drive.google.com/file/d/1zMu4w1M9CYC9SXroNKBILaaL5xrii3d1/view> [https://perma.cc/UD54-G3AZ].

¹⁵⁵ TYNDALL ET AL., *supra* note 44, at 12, 14, 81.

¹⁵⁶ *Should You Invest in a Short-Term or Long-Term Honolulu Rental Property?*, AGENCY RENTALS BLOG (Dec. 31, 2021), <https://agencyhawaii.com/should-you-invest-in-a-short-term-or-long-term-honolulu-rental-property/> [https://perma.cc/K3MX-VWHT].

¹⁵⁷ Audrey McAvoy, *The Lahaina Fire Worsened Maui’s Housing Shortage. Now Officials Eye Limiting Tourist Airbnb Rentals*, AP News (June 25, 2024), <https://apnews.com/article/hawaii-maui-wildfires-vacation-rentals-housing-362b482610fbb9d9bbb9da51989b5398> [https://perma.cc/68S8-SCBC].

¹⁵⁸ Act 17, 2024 Haw. Sess. Laws 25, 25–28 (codified at HAW. REV. STAT. §§ 46-4, 237D-1).

¹⁵⁹ *See id.*

Since the 1990s, federal and state policy has largely relied on private sector solutions to build new affordable housing stock. While private sector investment has significantly increased affordable housing stock in the last three decades, these projects often have affordability periods, meaning that projects can revert to market-rate prices after a certain term. Policy approaches to affordable housing have largely overlooked the critical role that states can play in housing development—particularly in their unique position to preserve affordable housing in perpetuity. Just months after taking office, my administration announced a plan to redevelop and densify transit-oriented public housing sites managed by the Hawai‘i Public Housing Authority to add at least 10,000 new housing units over the next decade.¹⁶⁰

This is made possible by the federal Rental Assistance Demonstration (“RAD”) program, created under the Consolidated and Further Continuing Appropriations Act of 2012.¹⁶¹ The RAD program allows public housing authorities to leverage public and private debt and equity to reinvest in the public housing stock. What this means in practice for Hawai‘i is that tens of thousands of additional families who will be able to access high-quality subsidized affordable housing options in the coming decade. The HPHA recently broke ground on one of its first development sites, which is estimated to be completed by 2026.¹⁶² This complements ongoing efforts by additional state agencies, such as the HHFDC, the Hawai‘i Community Development Authority (HCDA), and the Department of Hawaiian Homelands (DHHL), to build housing on state-owned lands, allowing the state to preserve affordability of projects in perpetuity. Across all its agencies, the state currently has nearly 24,000 housing units across seventy-two state-owned project parcels in the pipeline for development over the next decade.¹⁶³

2. *Ensuring Long-Term Funding Streams for Housing-Supportive Services through Medicaid*

While housing is a critical first step to addressing homelessness, without quality wraparound services, individuals may fall back into homelessness. To ensure long-term sustainability of homelessness programs, the state is looking to leverage existing funding streams, paid back in returns on investment into housing services on long-term health savings. This includes

¹⁶⁰ See Press Release, State of Haw., Off. of the Governor, Blueprints for the Future: Affordable Housing Projects on the Horizon (Nov. 30, 2023), <https://governor.hawaii.gov/main/blueprints-for-the-future-affordable-housing-projects-on-the-horizon/> [https://perma.cc/A48W-9HV6].

¹⁶¹ See Consolidated and Further Continuing Appropriations Act, 2012, div. C, Pub. L. 112-55, 125 Stat. 552, 673–75 (2011).

¹⁶² Michael Tsai, *Leaders break ground on affordable housing project*, SPECTRUM NEWS (Jan. 13, 2024), <https://spectrumlocalnews.com/hi/hawaii/news/2024/01/12/leaders-break-ground-on-affordable-housing-project> [https://perma.cc/RY8L-FN5N].

¹⁶³ See *Affordable Housing Pipeline*, *supra* note 123.

supportive services that provide long-term housing, rental assistance, and housing-related expenses to assist individuals as they navigate into permanent, long-term housing.

Hawai‘i has a long history of leveraging Medicaid Section 1115 Demonstration Waivers to improve the health outcomes of local residents. The state first implemented the Hawai‘i QUEST (Quality Care, Ensured Standards) program in 1994, which was one of the first Medicaid managed care initiatives in the nation to expand healthcare for low-income populations while introducing cost controls and efficiency measures.¹⁶⁴ Over the decades, Hawai‘i has amended and renewed its Section 1115 waiver to address the state’s unique challenges. In 2016, recognizing housing as a critical social determinant of health, Hawai‘i’s Medicaid program began integrating housing supports into its waiver. While Medicaid has not subsidized direct housing costs historically, it has supported housing navigation, tenancy support services, case management, and medical respite care administered through the Community Integration Service Plus program.

One of my administration’s top priorities is leveraging additional support through Medicaid to invest in housing-related supports for low-income populations. Given that housing is one of the strongest indicators of health outcomes, using Medicaid dollars to help people navigate into safe and stable housing that caters to their unique needs is one of the most efficient uses of public dollars to promote a healthier population. Under the previous Section 1115 waiver, the Hawai‘i Medicaid program would cover limited costs of rental assistance under a pilot program. Hawai‘i recently completed negotiations for its renewal of the Section 1115 Waiver, and it proposes to expand the rental assistance program to cover moving costs as well as rent and utilities for up to six months, including past-due payments, security deposit fees, and housing application costs for those experiencing or at risk of homelessness, people experiencing mental health challenges, and people struggling with substance use disorders.¹⁶⁵

Studies show that providing housing for chronically homeless individuals not only improves healthcare outcomes but can also save the state millions of dollars in healthcare costs. A recent report by the University of Hawai‘i Center on the Family found that the average healthcare costs for a homeless person treated in the emergency room, in substance abuse programs, and in other healthcare settings were about \$8,162 per month. But six months after these individuals were placed into more permanent housing settings,

¹⁶⁴ See CTRS. FOR MEDICARE & MEDICAID SERVS., HAWAII QUEST INTEGRATION SECTION 1115 DEMONSTRATION WAIVER (1993), <https://www.medicaid.gov/medicaid/section-1115-demo/demonstration-and-waiver-list/81451> [https://perma.cc/V84E-H8VU]. The Medicaid Section 1115 Waiver was established under the Social Security Act § 1115. See 42 U.S.C. § 1315.

¹⁶⁵ See HAW. DEPT OF HUM. SERVS., HI SECTION 1115 DEMONSTRATION APPLICATION FOR RENEWAL (Feb. 1, 2024), <https://medquest.hawaii.gov/content/dam/formsanddocuments/med-quest/section-1115-demonstration-renewal-for-2024/HI%20Section%201115%20Application%202.1.2024.pdf> [https://perma.cc/KHS6-J7GT].

their healthcare costs dropped by an average of \$6,197 per month—or about 76%—to \$1,965 per month.¹⁶⁶ These savings are essential for the long-term health and well-being of our local residents, as well as the financial well-being of the state’s Medicaid system. Over time, as the program shows success in securing whole-system savings in health care spending, further investments in housing will prove more and more beneficial to our overall social health system. Similar to goals set in Oregon and California, ultimately, my administration would like to see two percent of the state’s Medicaid budget used towards housing-related supports.¹⁶⁷

3. Securing Workforce Capacity for the Continuum of Care

Like many states across the country, Hawai‘i struggles to recruit and retain an essential workforce that strengthens the continuum of care that—when fully funded and adequately staffed—prevents those at risk of homelessness from falling through the cracks. This includes our doctors who provide critical primary and emergency health care, our nurses at the backbone of our healthcare system, social workers executing critical case management services to vulnerable populations, and our mental health care workforce helping those in acute crisis. Due to compounding challenges of cost of living—primarily driven by high housing costs—Hawai‘i has seen its essential healthcare workforce dwindle further and further over time—where a 2022 survey found the state had a seventeen percent vacancy rate across critical healthcare positions.¹⁶⁸ This has compounding impacts on our homelessness response workforce, as service providers are chronically underpaid and understaffed due to low wages and high cost of living in the state. The state also needs the critical healthcare and social health workforce that supports the broader continuum of care to provide services to address and prevent homelessness.

In 2023, my administration secured \$30 million in educational loan debt repayment to health professionals, licensed or otherwise certified to practice in and provide care to patients in Hawai‘i through the Hawai‘i Healthcare Education Loan Repayment Program (HELP). This builds on a decade-old Hawai‘i State Loan Repayment Program administered through the Hawai‘i Statewide Area Health Education Center (AHEC)—expanding the program

¹⁶⁶ See UNIV. OF HAW., CTR. ON THE FAM., HAWAI‘I PATHWAYS PROJECT: FINAL REPORT (2018).

¹⁶⁷ See *California Medicaid Money to Pay for Housing?*, CBS News (Feb. 15, 2024), <https://www.cbsnews.com/sanfrancisco/news/california-medicaid-money-housing/> [https://perma.cc/EAE4-XKWF]; Anastasia Mason, *Oregon Medicaid to Offer New Rental Assistance Benefits to Prevent Homelessness*, STATESMAN J. (Oct. 30, 2024), <https://www.statesmanjournal.com/story/news/local/oregon/2024/10/30/oregon-medicaid-new-rental-assistance-benefits-prevent-homelessness/7582193007/> [https://perma.cc/6SF4-UK7W].

¹⁶⁸ See HEALTHCARE ASS’N OF HAW., HAWAI‘I HEALTHCARE WORKFORCE INITIATIVE 2022 REPORT 15 (2022), https://static1.squarespace.com/static/5d703ec20712890001abe61f/t/6371d4102fbca73ff8d0539/1668406609446/HAH_HWI2022Report-111122_LR.pdf [https://perma.cc/B9NL-FPQB].

to reach a broader range of healthcare professionals who provide essential healthcare services to low-income populations. Those receiving loan forgiveness can receive up to \$50,000 after working for two years at organizations that provide care to at least thirty percent of patients who are publicly insured.¹⁶⁹

The HELP program plays a critical role in addressing the workforce shortage across the continuum of care that provides health and social services. Today in 2024, the same survey showed a four percent decrease in the vacancy rate in critical healthcare positions.¹⁷⁰ By offsetting the financial burden of student loan repayment, the program encourages physicians, nurses, social workers, and other healthcare professionals to serve in communities with high healthcare needs. This further enhances the availability of services essential to maintaining the well-being of vulnerable populations. With such a high cost of living in Hawai‘i, this makes a career in social work, mental health care, and case management for homeless individuals more accessible and more sustainable to local people. Addressing the critical workforce shortage ensures that critical supportive services can be well-staffed to prevent and mitigate homelessness long-term.

4. *Ensuring Development of Community Services That Support Pathways to Care*

Individuals with mental health conditions, substance use disorders, and those experiencing homelessness are overrepresented in the criminal legal system. Addressing this imbalance requires a comprehensive public health approach. By implementing evidence-based policies and programs that prioritize treatment rather than punishment, communities can improve health outcomes, reduce recidivism, and alleviate the economic consequences of this public health emergency. SAMHSA’s Sequential Intercept Model (SIM) provides a strategic planning tool to improve cross-system collaborations to reduce involvement in the justice system by people with mental and substance use disorders.¹⁷¹ The SIM is utilized to assess available resources, determine gaps in services, and plan for community change. This approach includes ensuring a robust crisis continuum of care including regional crisis call centers, mobile crisis teams, crisis intervention training for law enforcement officers,

¹⁶⁹ See *Healthcare Education Loan Repayment Program*, JOHN A. BURNS SCHOOL OF MED. (2025), <https://ahec.hawaii.edu/ahecsite-forhealthcareprofessionals/loan-repayment-help.html> [<https://perma.cc/DA7Q-RZVT>].

¹⁷⁰ See HEALTHCARE ASSOC. OF HAW., HAWAII HEALTHCARE WORKFORCE INITIATIVE 2024 REPORT 4 (2024), <https://hah.sharefile.com/share/view/s64fb564dc15344958b7bc324f895e2e2/fo971c17-ec54-411a-a15f-7efe45c58071> [<https://perma.cc/6KTM-4G94>].

¹⁷¹ See generally SUBSTANCE ABUSE & MENTAL HEALTH SERVS. ADMIN., U.S. DEP’T OF HEALTH & HUM. SERVS., THE SEQUENTIAL INTERCEPT MODEL, ADVANCING COMMUNITY-BASED SOLUTIONS FOR JUSTICE-INVOLVED PEOPLE WITH MENTAL AND SUBSTANCE USE DISORDERS (2024).

and crisis receiving and stabilization programs that provide an opportunity to deflect a person in crisis out of unnecessary arrests and into care.¹⁷²

Honolulu is our most densely populated county with the highest number of homeless individuals in the state. My administration has worked closely with the City and County of Honolulu to address the needs of the unsheltered population through maximizing the impact of the county’s Crisis Outreach Response and Engagement (CORE). This program provides a response for crisis calls not requiring law enforcement by community health workers and emergency medical technicians. We are working collaboratively with executive branch departments, the Governor’s Homeless Coordinator, Mayor of the City and County of Honolulu’s team, and community providers to develop pathways to care for homeless persons with medical and behavioral health needs. This includes developing capacity at the hospital, long term care, medical respite, and community services.

Pre-arrest deflection programs provide law enforcement officers with alternatives including crisis stabilization centers, respites, or shelters. In 2024, the state opened its first Behavioral Health Crisis Center (BHCC) to enhance pre-arrest deflection for people experiencing mental health and substance use conditions.¹⁷³ This allows law enforcement officers to bring individuals to access sub-acute crisis services, including medical triage, stabilization, and treatment in lieu of arrest when appropriate. The Kauhale program is designed to cater to the needs of various sub-populations experiencing homelessness. To support our crisis outreach efforts, in 2024, the state opened two medical respite-style Kauhale to provide unhoused individuals experiencing mental health crises with access to non-emergency health services. These medical respites offer the opportunity for a pre-arrest deflection option in the continuum that provides individuals experiencing homelessness and justice involvement a non-punitive pathway to accessing care before transitioning into a more permanent housing situation. The medical respites provide CORE’s emergency medical technicians and crisis outreach teams a place to bring individuals who want to access treatment and case management services to bring them off the streets and prevent them from engaging further with the criminal legal system. It also provides a pathway for individuals experiencing health problems to access care without the high costs of emergency room visits.¹⁷⁴

For individuals who experience an arrest, post-booking diversion programs provide a pathway for courts to assess individuals for mental health,

¹⁷² See generally SUBSTANCE ABUSE & MENTAL HEALTH SERVS. ADMIN., U.S. DEP’T OF HEALTH & HUM. SERVS., 2025 NATIONAL GUIDELINES FOR A BEHAVIORAL HEALTH COORDINATED SYSTEM OF CRISIS CARE (2025).

¹⁷³ See Press Release, Haw. Dep’t of Health, DOH Opens Behavioral Health Crisis Center in Iwilei (Jan. 12, 2024), <https://health.hawaii.gov/news/newsroom/doh-opens-behavioral-health-crisis-center-in-iwilei/> [<https://perma.cc/3L3P-K2KU>].

¹⁷⁴ See Sabrina Bodon, *State’s First Medical Kauhale Village Takes Shape in Honolulu*, HAW. PUB. RADIO (May 10, 2023), <https://www.hawaiipublicradio.org/local-news/2023-05-10/states-first-medical-kauhale-village-takes-shape-in-honolulu> [<https://perma.cc/4ZXT-RNU5>].

substance use, and housing needs and divert them into community-based care and support as an alternative to the typical justice pathway leading to detention and incarceration. Robust community mental health services should include innovative approaches to engage individuals who have diminished insight into their need for services including Assisted Outpatient Treatment (“AOT,” referred to as Assisted Community Treatment in Hawai‘i). AOT, a court-ordered community-based intervention, is designed for individuals with mental health conditions who have a history of non-adherence to treatment and repeated hospitalizations or incarcerations. Evidence shows that engaging a person in treatment through AOT can improve treatment compliance and lead to reduced hospitalizations, arrests, and homelessness. Prioritizing resource allocation and implementation of these approaches can establish effective pathways from the criminal legal system to stabilization services, thereby promoting health and reducing homelessness.

In addition to the post-booking diversion, the state operates various diversion programs in the judicial system aimed at meeting the needs of unhoused individuals. Traffic and minor criminal infractions that result in fines can prevent those experiencing homelessness from qualifying for housing, driver’s licenses, and other public services. The Hawai‘i Community Outreach Court, a program that brings together the courts, prosecutors, and public defenders, is designed to help homeless individuals meet their obligations to society through community service instead of fines that they cannot pay. Upon completion of their community service, participants are paired with counselors and service providers to help them get back on their feet. Most importantly, Community Outreach Court is typically held in non-traditional locations, such as transitional housing developments, parks, and community centers that are more accessible to homeless individuals. This program serves a critical role in helping to relieve the enormous burden of unpaid fines so that those experiencing homelessness can get jobs, move into permanent housing, and begin to rebuild their lives.

5. Cost of Living and Living Wage

Cost of living continues to burden individuals—driving people closer to homelessness and preventing those experiencing homelessness from climbing out. Cost of living has far outpaced wages. Hawai‘i’s average wages, adjusted for inflation, have only increased by sixteen percent since 1969. While stigma against homeless communities often leads to a conception of homeless individuals as lacking employment, the reality is that many individuals and families who have a job—even two or three—are doing everything they can to make ends meet but are still living paycheck to paycheck, where one financial crisis can tip them into homelessness. Even more numerous are Asset Limited, Income Constrained, Employed (“ALICE”) households, who represent the large number of households who are working yet cannot afford basic necessities to remain stable and self-sufficient. ALICE households are above the

Federal Poverty Line, but they do not qualify for many government assistance programs.

In 2022, the state passed Act 114 which increased minimum wage and tip credit overtime.¹⁷⁵ The policy increased the minimum wage from \$10.10 per hour to \$12.00 per hour in 2022, increasing by \$2.00 every two years until 2028 to ultimately increase the minimum wage to \$18.00 per hour. Estimates suggest this policy will benefit more than 192,000 workers—over a quarter of the state’s workforce—the large majority of whom are women and people of color.¹⁷⁶ This landmark legislation will go a long way in reducing cost burdens on our households, but it is still insufficient to achieve a living wage for local residents. A 2023 analysis showed that a single adult with no children would need to make \$20 per hour to achieve full self-sufficiency in Hawai‘i. A single adult with two children would need to make nearly \$44 per hour to achieve full self-sufficiency.¹⁷⁷

With Hawai‘i’s highly regressive taxation system that ranks third in the nation when it comes to high taxation of its lowest-income families, our local families up and down the income ladder struggle to make ends meet. Families are pushed further into financial insecurity or forced to leave the islands altogether as a result. To further ease cost burdens for Hawai‘i families, in July 2024, I signed an historic income tax reform measure that lowers the tax burden for Hawai‘i’s low- and middle-income workers. Over a seven-year period, the new law will increase the standard deduction for all state residents and eliminate the lowest tax brackets, decreasing the state income tax burden on Hawai‘i’s working class families by seventy-one percent by 2031.¹⁷⁸ This provides a substantial financial cushion for those living paycheck to paycheck. This reduction in tax liability will directly benefit ALICE households, as well as families teetering on the edge of financial instability. By allowing residents to keep more of their income, this measure supports households in meeting basic needs such as housing, childcare, and food, making it easier to achieve self-sufficiency and avoid the financial crises that can lead to homelessness. The income tax reform represents a crucial step toward building a more equitable and sustainable future for Hawai‘i’s residents that will make our families more resilient.

¹⁷⁵ See H.B. 2510, 2022 Leg., 31st Sess. (Haw. 2022).

¹⁷⁶ See Press Release, Nat’l Emp’t Law Project, Statement in Response to the Passage of an \$18 Minimum Wage by 2028 in Hawai‘i (May 4, 2022), <https://www.nelp.org/statement-in-response-to-the-passage-of-an-18-minimum-wage-by-2028-in-hawaii/> [https://perma.cc/6EVT-SPK9].

¹⁷⁷ See HAWAII DEP’T OF BUS. ECON. DEV. & TOURISM, SELF-SUFFICIENCY STANDARD: ESTIMATES FOR THE STATE OF HAWAII AND COUNTIES 2022 (2023), https://files.hawaii.gov/dbedt/economic/reports/self-sufficiency/self-sufficiency_2022.pdf [https://perma.cc/QE73-58RX].

¹⁷⁸ See Press Release, State of Haw., Off. of the Governor, Gov. Green Signs Largest Income Tax Cut Bill for Working Families and Bill to Exempt Certain Medical Services from the General Excise Tax (June 3, 2024), <https://governor.hawaii.gov/newsroom/office-of-the-governor-news-release-gov-green-signs-largest-income-tax-cut-bill-for-working-families-and-bill-to-exempt-certain-medical-services-from-the-general-excise-tax/> [https://perma.cc/E7CW-L8Z3].

VI. CONCLUSION: ACHIEVING A HOUSED AND HEALTHY HAWAI‘I

There is no quick fix or easy solution to ending homelessness. Solving this crisis requires a paradigm shift—reframing homelessness not just as a social problem, but as a critical public health emergency. This fundamental shift in perspective has unlocked unprecedented action in the State of Hawai‘i, allowing my administration to leverage emergency powers and unprecedented state investment in creating solutions to homelessness that address the whole-scale problem. This approach has allowed us to rapidly implement my administration’s Kauhale initiative—a community-centered model that prioritizes rapid deployment of cost-effective housing solutions coupled with robust supportive services.

The Kauhale Initiative represents a new era of homelessness response in the United States. It recognizes the failures of previous approaches that have been slow and underfunded, which have failed to adequately address the intersecting issues that perpetuate homelessness in our communities. It acknowledges housing as an essential pillar of healthcare and leverages unprecedented state investments in cost-effective, semi-permanent, and permanent supportive housing for people experiencing homelessness. It identifies the confounding challenges of people experiencing chronic homelessness—providing pathways to care and permanent housing for people experiencing mental health and substance use disorders. The Kauhale model is inherently flexible, allowing the state to deploy appropriate housing solutions for the wide spectrum of people experiencing homelessness, ensuring that people get access to the housing supports, medical care, and supportive services they need to stay housed and thrive.

The success of Kauhale also relies on a strategic investment in long-term system resilience. The utilization of emergency powers, while a crucial element in rapidly deploying solutions to stabilize the crisis, is not intended as a permanent fix. Rather, it is a catalyst to spur necessary systemic change. Within the next five years, we expect to see over 10,000 new affordable housing units coming online in our state to address a severe housing shortage. We have hundreds of additional Kauhale communities slated to come online to address housing needs for the most vulnerable populations. We will continue to find permanent funding streams through state programs and Medicaid. This will address chronically under-funded social services to keep people in housing long term, as well as alleviate cost of living throughout the state to ensure resiliency for families on the brink of homelessness. We will continue to expand and develop community services that support pathways to care for individuals with mental health and substance use conditions who are at risk for justice involvement.

As we look towards the next five years and beyond, my administration will prioritize the immediate crisis management necessary to stabilize rising rates of homelessness while actively addressing the underlying systemic issues fueling homelessness. This includes significant legislative reforms targeting

the state’s high cost of living, inadequate supply of affordable housing, and systemic failures in access to healthcare and social services. We will continue to prioritize increasing housing density, expanding Medicaid coverage for supportive services, and addressing the whole-scale cost of living for our local people. As we provide more stable housing for vulnerable populations, we will see better health outcomes and significant healthcare savings for the state in the long-term. The journey towards a housed and healthy Hawai‘i is ongoing, requiring sustained investment and a persistent commitment to build a more equitable and resilient Hawai‘i for future generations.

