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STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
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TRISTA SPEER
DEPUTY DIRECTOR
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December 23, 2025

The Honorable Ronald D. Kouchi, President
and Members of the Senate
Thirty-Third State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

The Honorable Nadine K. Nakamura, Speaker
and Members of the House of
Representatives
Thirty-Third State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kouchi, Speaker Nakamura, and Members of the Legislature:

Enclosed is the following report submitted in accordance with the provisions of section 346-378, Hawaii Revised Statutes, Related to the Housing First Program.

Per section 93-16, HRS, this report will be available for electronic review on the Department's website at <https://humanservices.hawaii.gov/reports/legislative-reports/>.

For questions regarding this report, contact Scott Morishige, Administrator, Benefit, Employment and Support Services Division, at smorishige@dhs.hawaii.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "R I Yamane".

Ryan I. Yamane
Director

Enclosure

c: Governor's Office
Lieutenant Governor's Office
Department of Budget and Finance
Legislative Auditor
Legislative Reference Bureau Library (1 hard copy)
Hawaii State Public Library, System State Publications Distribution Center (2 hard copies, one electronic copy)
Hamilton Library, Serials Department, University of Hawaii (1 hard copy)

**REPORT TO THE THIRTY-THIRD HAWAII STATE
LEGISLATURE 2026**

**In Accordance with the Provisions of Section 346-378,
Hawaii Revised Statutes, Related to the Housing First
Program**

**DEPARTMENT OF HUMAN SERVICES
Benefit, Employment, and Support Services Division
Homeless Programs Office
December 2025**

Section 346-378(d), Hawaii Revised Statutes (HRS), requires the Department of Human Services (DHS) to submit an annual report on the implementation of Housing First (HF) to include:

- (1) Total number of participants in HF programs;
- (2) Annual costs of the programs;
- (3) Types of support services offered; and,
- (4) Duration of services required for each participant.

Per section 346-378(b), HRS, the principles of the HF program include:

- (1) Moving chronically homeless individuals into housing directly from streets and shelters, without a precondition of accepting or complying with treatment; provided that the department may condition continued tenancy through a housing first program on participation in treatment services;
- (2) Providing robust support services for program participants, predicated on assertive engagement instead of coercion;
- (3) Granting chronically homeless individuals priority as program participants in housing first programs;
- (4) Embracing a harm-reduction approach to addictions, rather than mandating abstinence, while supporting program participant commitments to recovery; and
- (5) Providing program participants with leases and tenant protections as provided by law.

Total Number of Participants in the HF Program

In State Fiscal Year (SFY) 2025, the HF program enrolled 172 households. Two hundred fifty-seven unduplicated individuals were served, including 19 unduplicated families with children.

The above totals are broken out by county as follows:

- (1) Oahu – 90 unduplicated households and 120 unduplicated participants,
- (2) Hawaii Island – 44 unduplicated households and 84 unduplicated participants,
- (3) Kauai – 13 unduplicated households and 17 unduplicated participants; and
- (4) Maui – 25 unduplicated households and 36 unduplicated participants.

Providers assess the needs of individuals and heads of households using the Vulnerability Index—Service Prioritization Decision Assistance Tool (VI-SPDAT); the resulting score range indicates eligibility for permanent supportive housing. The **retention rate of 89%** reflects the percentage of participating chronically homeless individuals and families who sustained placement in permanent housing with the assistance of rental subsidies and supportive services.

Other HF Program Outcomes

Other measures of program effectiveness in SFY 2025 include:

- (1) 33 individuals voluntarily entered treatment for either substance abuse or mental health services;
- (2) 23 individuals participated in employment training or an educational endeavor;
- (3) 20 individuals obtained employment; and
- (4) 34 new landlords were recruited in addition to the 105 already providing rental units for HF clients, further increasing the available inventory for permanent supportive housing.

Key performance measures and outcomes for the HF program include assisting clients in gaining employment to the extent possible and helping with their application for public or other financial benefits to increase and stabilize income. Typically, the sources of income for HF clients have been (in order of prevalence): Social Security Disability Income (SSDI), General Assistance (GA), Supplemental Security Income (SSI), Veterans Affairs (VA) income, and employment.

In SFY 2025:

- (1) 166 clients achieved document-ready status¹ for housing placement;
- (2) 11 clients assigned representative payees;
- (3) 16 clients enrolled in addiction treatment services;
- (4) 3 clients enrolled in an education or vocational program;
- (5) 34 clients were able to increase their earned income;
- (6) 99 clients increased their assistance non-income (e.g., SSI, SSDI, VA); and
- (7) 95 clients increased their non-cash public benefits (e.g., SNAP, WIC, TANF).

Participants' income is used to contribute to their housing costs. The HF program's per-client housing cost decreases once an individual's placement stabilizes and applications for other available benefits are submitted and approved. Once employed or approved for financial assistance, providers ask the individuals to pay no more than 30% of their income toward housing costs.

Annual Cost of Services

For SFY 2025, the Legislature approved an additional 5% for the HF Program contracts (Act 230, Session Laws of Hawaii (SLH) 2024). For Oahu and the neighbor islands, the increase resulted in

¹ "Document-ready status" refers to individuals who have all the necessary identification and other vital records to secure housing. Often, individuals who have been chronically homeless do not have valid government identification; homeless outreach services that include legal services assist homeless individuals with obtaining their vital records.

\$3,950,625 in statewide HF funding: \$2,100,000 to increase services on Oahu, \$315,000 to increase services on Kauai, \$669,375 to increase services on Maui, and \$866,250 to increase services on Hawaii island. However, for SFYs 2026 and 2027, the HF base budget appropriation remains at \$3,750,000 (Act 300, SLH 2025). Other than the 5% contract increase in 2025, the program appropriation has remained flat at the same funding level since 2019.

The funding for HF program services on Oahu during SFY 2018 was \$1,500,000. In early 2017, DHS issued Requests for Proposals for Oahu and the neighboring islands for a total of \$3,000,000 in statewide HF funding: \$1,500,000 to sustain HF services on Oahu, and \$1,500,000 for HF programs on the neighbor islands.

During SFY 2019, the DHS Homeless Programs Office (HPO) increased funding for the HF Program to increase the number of vulnerable people served. For Oahu and the neighbor islands, the Legislature appropriated \$3,750,000 in statewide HF funding: \$1,875,000 to increase services on Oahu, \$300,000 to expand services on Kauai, \$637,500 to increase services on Maui, and \$937,500 to increase services on Hawaii island.

Duration of Services: a difficult question to answer.

Given the complexities of addressing the acuity and unique needs of individuals and families who may be chronically homeless, combined with the community's housing and service issues, it is challenging to determine the duration of services individuals need to transition out of homelessness. The program's goal is to provide services that will enable chronically homeless individuals currently living in unsheltered situations to move into sustainable, permanent housing with necessary support services to maintain housing and prevent a return to homelessness.

HF-funded services include assistance locating temporary or permanent rental placement, case management, employment assistance, housing subsidies, re-housing, and referral to public benefits.

DHS HPO is aware that clients in permanent supportive housing programs require ongoing housing subsidies and access to services such as case management, mental health treatment, and services to maintain eligibility. In addition, some clients also need assistance with regular self-care. Therefore, service providers are encouraged to link clients to long-term permanent placements and community resources to sustain housing placements upon discharge.

Upon discharge or service termination, service providers inform clients how to access program assistance in the future, if needed, and what types of follow-up assistance may be available. When a client is at imminent risk of returning to homelessness, programs can either directly intervene or provide a referral to another prevention resource.

The current inventory of permanent supportive housing available statewide

Oahu

- (1) 1749 permanent supportive housing units (Unit counts may vary depending upon the Fair Market Rent);*²
- (2) 639 Veterans Affairs Supportive Housing (VASH) vouchers (75 families and 564 individuals);** and
- (3) 709 City-funded Housing First beds.

Neighbor Islands

- (1) 505 permanent supportive housing units (Unit counts may vary depending upon the Fair Market Rent),* and
- (2) 190 VASH vouchers (6 families and 184 individuals).**

*Counts based on the 2025 Housing Inventory Count (HIC)

**The number of vouchers can change as vouchers are used, returned, or relocated

Numbers of individuals and families assessed by the homeless providers by County.

As of December 2025, the By Name List (BNL)³ report generated from the Homeless Management Information System (HMIS) report showed that providers assessed and prioritized 1,915 homeless individuals and 486 families living in unsheltered conditions and homeless shelters. The geographic distribution by county is as follows:

- (1) 1,416 individuals and 361 families on Oahu;
- (2) 235 individuals and 37 families on Hawaii Island;
- (3) 42 individuals and 19 families on Kauai; and
- (4) 222 individuals and 69 families in Maui.

Currently, the following entities in each county generate, update, and monitor the individual and family BNLs:

- (1) Oahu – Partners in Care (PIC);
- (2) Hawaii Island – Hawaii County Office of Housing & Community Development;
- (3) Kauai – Kauai County Housing Agency; and
- (4) Maui – Maui County Homeless Program Division.

These entities regularly convene and lead case conferencing (CC) meetings for their respective counties. CC is the forum where providers discuss client needs and offer services to address them. CC also allows communities to assess the needs of people experiencing homelessness and begin documenting gaps in the service system.

² Note: HUD's Fair Market Rate standards do not apply to the state-funded Housing First Program, which allows for HF to access more housing options.

³ See Program Background below.

The CoCs recognize that the current supply of affordable housing does not meet the demand for those most in need, requiring an efficient, coordinated entry process to access services and shelter resources. Maintaining State funding is critical for individuals and families experiencing homelessness, especially for those receiving HF program assistance. Without HF program services, these individuals and families are the most vulnerable and highly likely to return to homelessness if they do not receive supportive assistance.

Housing First Overview

In 2012, HF was initially piloted on Oahu, prioritizing services to the chronically homeless with the highest assistance needs. Following the initial pilot, the Oahu program was retooled and relaunched in 2014. In 2017, with additional funding from the Legislature, DHS expanded HF in Hawaii, Kauai, and Maui counties.

Of note, from 2012 through SFY 2020, the HF program used the definition of "chronically homeless individual" per section 346-378(e), HRS, to mean a homeless individual who has an addiction, a mental illness, or both. At the time, the state and federal definitions did not align completely, making program implementation more difficult for providers working with two sources of funds and two different definitions.

For example, the U.S. Department of Housing and Urban Development (HUD), in its final rule, "Defining Chronically Homeless," requires that an individual or head of household have been living in a place not meant for human habitation, in an emergency shelter, or in a safe haven for at least twelve (12) months, either continuously or cumulatively for at least four (4) occasions in the last three (3) years.

In SFY 2017, DHS issued Requests for Proposals (RFPs) for the State HF program on Oahu and Hawaii, Kauai, and Maui counties, requiring compliance with the HUD definition to prioritize permanent housing for consistency. At the same time, DHS realized that individuals who needed housing support did not meet the definitions for housing and other supportive services through HF.

To meet the needs of individuals who were highly vulnerable but did not meet HUD's definition of "chronicity," DHS offered providers an alternative eligibility process to consider homeless individuals and families who do not meet the "chronically homeless" definition. Service providers who recognize attributes in their clients may request approval from the DHS HPO to place them in permanent housing through the HF program. The only expectation is for service providers to do their due diligence by completing the required paperwork. Each request is on a case-by-case basis and is utilized sparingly.

To align definitions and reduce confusion, in 2020, Act 65, SLH 2020, amended section 346-378(e), HRS, aligning the state's definition of "chronically homeless" with the federal definition. The effective date of Act 65, SLH 2020, is September 15, 2020.

Coordinated Entry System (CES)

Section 346-378(c) (1)-(2), HRS, directs the department to identify target populations, specifically chronically homeless individuals, and develop assessments for them.

DHS and the two (2) Continua of Care (CoC) in the State, Partners in Care (PIC)-Oahu, and Bridging the Gap (BTG)-neighbor islands, continue to make progress in coordinating homeless services through the establishment of the CES process. The process has several key components:

- (1) Access points to the entry system;
- (2) A standardized triage tool to quickly analyze a person's housing barriers and level of vulnerability while homeless;
- (3) A prioritization process that ensures that persons with the highest prioritization status are offered housing and supportive services first; and
- (4) A referral process to connect people to housing and service programs according to availability and program-specific eligibility requirements.

In SFY 2015, Hawaii adopted the Vulnerability Index—Service Prioritization Decision Assistance Tool (VI-SPDAT) as an intake tool. At the time, VI-SPDAT was a widely used and proven triage tool for determining risk and prioritization.

The CES process begins with assertive community outreach to identify and engage people experiencing homelessness. The VI-SPDAT assigns a vulnerability score, prioritizing those with the greatest need for assistance. Providers prioritize using the VI-SPDAT vulnerability score and other agreed-upon factors approved by each CoC. The CoCs generate a " by-name list " (BNL) of homeless individuals and families to assist with referrals to permanent housing and available community resources. The BNL includes eligible individuals for HF programs and other homeless services.

Hawaii's 2017 Homeless Service Utilization Report found that as of June 2017, 92.5% of those assessed with a VI-SPDAT obtained permanent supportive housing services and remained stably housed after 12 months. As noted above, the HF program has maintained an **89% retention rate**.

HMIS

HMIS are electronic data systems that contain client-level data on people who access the homeless services system through a CoC. HMISs are federally required for communities receiving federal HUD funds by the Homeless Emergency Assistance and Rapid Transition Act of 2009. A robust HMIS is a valuable resource that can aggregate and unduplicate data from all homeless assistance and homelessness prevention programs in a CoC. The HMIS data provides evidence of service use patterns and effectiveness measures. Service providers can

input VI-SPDAT and other information directly into HMIS.

DHS HPO transitioned its role as the lead agency for the HMIS system to each CoC. PIC is the HMIS lead and HMIS administrator for the Oahu CoC, while BTG identified Ka Mana O Na Helu as its HMIS Lead and administrator for the neighbor islands CoC.

Both CoCs endeavor to increase HMIS participation by public and community health providers. In 2016, Governor David Ige's Emergency Proclamations⁴ addressed homelessness and provided funds to enhance the HMIS administrative and support services for PIC and BTG. With the additional funds, the CoC expanded HMIS capabilities to manage State contract operations, establish a help desk, deliver webinars and training, ensure administrative compliance, and support research and reporting. BTG's CES is automated, and referrals are made based on BTG's agreed prioritization and eligibility requirements. PIC continues to work on automating its CES. The DHS HPO and each CoC continue concerted efforts to share resources and strengthen the homeless services system.

A robust HMIS requires regular provider training. In December 2016, Iain De Jong, President and Chief Executive Officer of OrgCode Consulting and creator of the VI-SPDAT, conducted a series of VI-SPDAT/CES training sessions for Hawaii providers. Service providers and stakeholders benefited from the intensive two-day, in-person training in anticipation of the CES implementation in each county. Topics included diversion, coordinated entry, prioritization, measuring performance, making program adjustments, and developing programs and policies with intended outputs and outcomes.

In 2017, Iain De Jong conducted another training series for service providers and stakeholders. These trainings included "Rural Homelessness Solutions, Street Outreach to Housing, and Being an Awesome Shelter," "Motivational Interview, and Promoting Wellness and Reduction Harm," and "Housing Stabilization That Works and Effective Continuum of Care." The training covered effective engagement, prioritizing service delivery, appropriately linking into the coordinated entry system, preparing participants for housing stabilization, establishing expectations in a shelter rather than rule enforcement, structuring housing teams, and CoC governance. These training courses were held on:

2017 OrgCode Training:

- Series 1: Rural Homelessness Solutions; Street Outreach to Housing; Being an Awesome Shelter
 - i. Hawaii: May 18 & 19
 - ii. Maui: May 22 & 23
 - iii. Kauai: May 24 & 25
- Series 2: Housing Stabilization that Works; Effective Continuum of Care
 - i. Hawaii: June 14 & 16
 - ii. Maui: June 19 & 20

⁴ To see the 2015-2016 proclamations series, see Expired Emergency Proclamations (Archive) <https://homelessness.hawaii.gov/emergency-proclamations-and-supplementary-proclamations/>.

iii. Kauai: June 21 & 22

In July 2017, Suzanne Wagner and Andrea White, consultants from Housing Innovations, conducted training for service providers and stakeholders on the HF approach. Topics included HF principles and practices, HF for outreach, shelter, permanent housing, organizational support for the practice, housing access and stabilization, and Crisis Response System.

In August 2018, Iain De Jong conducted another training for service providers and stakeholders: "Rapid Resolution and Diversion." The topics included the five core principles of prevention and diversion, the three different scenarios to consider when encountering people who are experiencing homelessness for the first time, people who keep coming back to homelessness, and people stuck in homelessness and/or not using any of the "usual" homeless services, and a diversion script to start engagement with those coming through the front doors.

Additionally, in October 2018, HPO conducted informational meetings statewide to review its contracts and provide guidance with practical examples of implementing the Housing First approach embedded in each contract for services.

In September 2019, the PIC and its HMIS Lead, Aloha United Way, decided to establish their own HMIS separate from the Statewide HMIS database. The Statewide HMIS database vendor, CaseWorthy, remains, but because of the two separate HMISs, statewide data are no longer available from a single source. Since then, the HPO has had to request data from both CoCs and consolidate the information to create a statewide database.

In January 2023, HPO released an RFP for the HPO Data Integration System (HDIS). This contract will maintain and modify the existing DHS HPO CaseWorthy database and integrate data from both CoCs' HMISs. In July 2023, HPO awarded the HDIS contract to C. Peraro Consulting, LLC. Additionally, in April 2023, PIC changed its HMIS database vendor to Bitfocus/Clarity.

DHS State-funded Housing First

Background on the DHS Housing First program

The DHS Housing First program is a permanent supportive housing program that provides supportive services, including rental subsidies, to individuals and families who meet the definition of chronically homeless. As noted above, DHS piloted HF on Oahu in 2012, retooled and relaunched it in 2014, and expanded it to the Hawaii, Kauai, and Maui counties in 2017.

DHS HF Program provider United States Veterans Initiative (USVI) aligned with the

Department of Health's (DOH) Pathway⁵ to provide permanent supportive housing to chronically homeless individuals struggling with substance use or substance use with mental illness. Twenty-one (21) individuals were placed in permanent housing in coordination with Pathway. Unfortunately, federal funding ended, and as a result, USVI transitioned the Pathway participants and provided housing assistance to all 21 Pathway clients and additional case management services to six (6) clients. The remaining 15 clients received case management services from Kalihi Palama Health Center, North Shore Mental Health, Care Hawaii, HOPE Inc., Community Empowerment Resources, and Helping Hands Hawaii. Since 2017, these agencies have participated in monthly meetings to review cases, strategies, and resources to ensure the best quality service to the State's HF program clients.

The University of Hawaii (UH) Center on the Family analyzed reports of the fifteen initial participants of the Hawaii Pathways Project (HPP) and found that “[a]fter obtaining stable housing, the estimated healthcare cost for Hawai'i pathways clients served through the State's HF Program dropped from an average of \$10,570 per client per month to \$5,980 per client per month.” (HPP Evaluation, January 7, 2016, UH Center on the Family.)

While the preliminary finding is an estimate based on client reports, it is critical to continue enhancing and expanding HMIS data collection involving non-government and government entities so that the actual effectiveness of the HF program may be measured and reported.

While HF is very successful in housing individuals who have been "chronically homeless," it is only one part of a broader community strategy to end homelessness. Implementing the HF program with fidelity will continue to require sustained funding for this vulnerable population, as well as the understanding that the availability of different types of affordable housing remains crucial for effective long-term implementation.

In SFY 2019, through exemption requests, DHS assisted 11 transfers from a program previously funded by HUD for disabled veterans. Without transition to the State's HF program, the 11 households were at high risk of returning to homelessness. Moreover, at the time, these veterans would not have met the definition of chronicity as defined by state statute and would have been ineligible for other permanent supportive housing programs.

"Move On" Strategy

In SFY 2021, DHS re-procured the State's HF program to increase the frequency and intensity of the supportive services to maximize housing stability and prevent returns to homelessness. One of the most critical changes was implementing a "move on" strategy. The "move on" strategy involves moving current HF program participants who no longer require intensive services to other housing assistance programs, such as federally funded Housing Choice Vouchers and public housing. This strategy makes available HF beds for people experiencing chronic homelessness and requiring support services to remain housed. Providers are

⁵ The Department of Health (DOH) administered the federally funded Hawaii Pathways Project (Pathway) from August 2014 to September 2017 on Oahu.

required to initiate meetings with the HF program participants by increasing face-to-face contact and completing an initial comprehensive assessment within seven (7) days of program entry using the Service Priority Determination Assessment Tool (SPDAT). Updates with participants are required every three (3) months. The SPDAT findings assist providers in completing a housing plan, including a discharge plan specific to each participant's needs. Upon exiting the State's HF program, providers continue follow-up services and resources for six (6) months to prevent reentry into homelessness.

In June 2021, DHS awarded and contracted with the following non-profit agencies: United States Veterans Initiative (USVI) to provide HF program services on Oahu; Family Life Center, Inc., to provide services on Maui; HOPE Services Hawaii, Inc., to provide services on Hawaii Island; and Catholic Charities Hawaii to provide services on Kauai. In addition, the contract term was increased to five (5) years to reinforce fidelity to the HF model and provide for service stability. The new contract term began June 27, 2021, and shall not exceed June 26, 2026.

COVID-19 Pandemic "Move On" collaboration with HPHA

In July 2021, in response to the COVID-19 pandemic, the American Rescue Plan Act authorized the Emergency Housing Voucher (EHV) program. Through EHV, HUD provided 182 housing choice vouchers to the Hawaii Public Housing Authority (HPHA) to assist individuals and families experiencing homelessness, at risk of homelessness, fleeing, or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking; were recently homeless; or have a high risk of housing instability. Of the 182 vouchers, HPHA worked with DHS HPO and PIC on Oahu to prioritize 38 vouchers for HF households for the "move on" strategy. As a result, as HF participants "move on" to HUD vouchers or public housing, state-funded HF program resources became available to serve other chronically homeless residents.

Quality Improvement Efforts

In 2022, HPO contracted with Collaborative Quality Consulting (CQC), a firm specializing in the design and implementation of best-practice quality improvement systems, to partner on updating and streamlining HPO's monitoring methods. HPO and CQC developed a plan to update individualized data-collection tools and implement a comprehensive CQI methodology for all programs.

In 2022, the HPO transformed contract monitoring using best-practice Continuous Quality Improvement (CQI) to strengthen programs that end homelessness. In 2016, HPO shifted to performance-based management by including selected performance measure outcomes (PMO) in its service contracts. HPO prefers this approach to improving outcomes instead of compliance-based monitoring, focusing more on ensuring task completion.

The CQI approach streamlines service improvement using the four steps: Plan-Do-Study-Act. HPO's CQI practice features include:

- (1) Updated performance measures that align with the program's purpose.
- (2) Streamlined and standardized data collection tools for a comprehensive assessment.
- (3) Simplified financial reporting.
- (4) Uniform CQI practice guidelines to ensure high-fidelity practice.
- (5) Templates to improve timeliness and comprehensiveness of reporting statewide; and
- (6) A collaborative approach.

This CQI initiative started with an internal process review. First, CQC reviewed all HPO's data collection reports and program evaluation materials. Next, the HPO team convened to evaluate existing contract monitoring methods and better understand their strengths and challenges. At the same time, HPO prepared with CQC to convene monthly information-sharing sessions with providers of each homeless service type:

- (1) HF,
- (2) Emergency and Transitional Shelter,
- (3) Financial Programs,
- (4) Outreach, and
- (5) Legal Services.

These meetings have established a vital feedback loop with providers of the same service across the state. The discussions build a shared understanding of the vital information about contracts, administration, data, and practice. During these sessions, groups reviewed, discussed, and adjusted the PMOs for each service type. Adjusted PMOs are finalized and become the cornerstone of each program's redesigned data collection toolkits, which are the cornerstone of CQI practice. These include:

- (1) PMO 12-month summary – a one (1)-page dashboard to measure provider performance over time;
- (2) Scoreable case review – a practice-oriented case review that quantifies casework practice data;
- (3) Organizational review – a self-assessment of providers' central functions;
- (4) CQI tool kit – Step-by-step, easy-to-use tools and embedded reports that support teams to practice CQI's plan-do-study-act cycle; and
- (5) Guidelines for each tool – written guides and definitions to promote the high-fidelity practice.

In 2023, HPO worked with providers to continue designing and preparing to install the new CQI process across the state. In the first quarter of 2023, HPO and CQC engaged providers to continue evaluating HPO's current monitoring process. Overall findings from this inquiry will inform priorities during CQI implementation, and CQI tools and processes will be piloted. HPO continued monthly communication with providers to address and resolve implementation barriers.

In 2023, HPO continued its contract with CQC until October 2023 to complete the CQI process. HPO has gained a strong foundation and framework from CQC to lead the CQI process and continue the CQI initiative. To support CQI efforts, HPO has been working on the HDIS database and meeting with providers to identify areas of concern or areas the provider would like to improve. Provider meetings will continue in February 2026, with the CQI implementation target set for July 2026.

Also, in 2023, some providers have integrated the State Medicaid Community Integration Services (CIS) to complement homeless services. CIS provides individuals and households with Pre-Tenancy and Tenancy Services that support Medicaid members in becoming successful tenants. In 2026, depending on Congressional budget negotiations, the community will begin implementing the new Medicaid Section 1115 waiver (approved in January 2025), with additional support for Medicaid recipients with chronic conditions who are experiencing homelessness.

Potential Federal Changes Impacting Demand for HF.

FY 2025 CoC Competition NOFO

In November 2025, the U.S. Department of Housing and Urban Development (HUD) announced significant program-level changes in the Federal Fiscal Year (FFY) 2025 Continuum of Care (CoC) Notice of Funding Opportunity (NOFO). The announcement shifted federal homelessness funding away from permanent housing models, specifically Permanent Supportive Housing (PSH) and Rapid Rehousing (RRH), and toward transitional housing and Supportive-Services-Only (SSO) projects.

However, the HUD website (on 12/22/2025) includes the following statement:

"HUD understands this NOFO to be enjoined pursuant to a preliminary injunction entered in State of Washington, et al. v. HUD, No. 1:25-cv-00626-MSM-AEM (District of Rhode Island), and National Alliance to End Homelessness, et al. v. HUD, No. 1:25-cv-00636-MSM-AEM (District of Rhode Island). HUD will not implement or enforce this NOFO pending further court order. HUD will issue further clarification on the status of this or any other future Fiscal Year 2025 NOFO as necessary. HUD will provide further notice as to when the application portal will open."

For Hawaii, the National Alliance to End Homelessness estimated that the planned NOFO changes could have resulted in a reduction of \$10.33 million annually in federal funds to CoC-funded permanent housing programs and a potential loss of 764 beds. Because these permanent housing units are tied directly to federal CoC funding, any reduction, reclassification, or non-renewal of PSH projects under the new NOFO would result in the loss of those units unless another source of recurring funding was found. Hawaii's CoCs do not have alternative federal funding streams capable of replacing this scale of loss.

While the NOFO is currently enjoined, Hawaii should still prepare for it to be reissued in the coming months, with a potential impact similar to that of the original NOFO: reduced funds for permanent housing programs and a loss of permanent supportive housing inventory.

It is important to note that if future federal reductions to CoC resources occur, the state-funded HF allocation cannot absorb those reductions. The HF program is already operating at high demand under Hawaii's constrained housing market and cannot take on or replace up to 764 federally funded permanent housing beds. Without the federal funding that currently sustains the CoCs' PSH and RRH units, the State-funded HF program will face increased pressure, including:

- Increased demand for State-funded rental subsidies.
- Increased service needs for individuals who lose PSH placements.
- Increased inflow into shelters, outreach programs, and unsheltered homelessness; and
- Increased strain on county and state health, behavioral health, and social service systems.

If CoC-funded PSH renewals are reduced or converted under an upcoming FY2025 NOFO, without an alternative funding source, Hawaii will not be able to sustain these PSH units. Consequently, individuals currently housed through federally funded permanent housing programs are at risk of losing supportive housing and returning to homelessness as the State's HF program capacity will be exceeded.

These potential and significant consequences are based on the best available information from HUD and the National Alliance to End Homelessness. If the proposed federal funding cuts occur, the impact on Hawaii is anticipated to begin on or around May 1, 2026, and potentially earlier if there is a funding lag between the current grant timeframes and new funding.