
A BILL FOR AN ACT

RELATING TO HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that one of the most
2 difficult problems faced by low-income individuals, families,
3 kupuna, and the homeless residing in transitional or temporary
4 housing in seeking permanent housing is the necessity of paying
5 a security deposit in addition to paying the first month's rent.
6 It is often impossible for these persons to meet both the
7 security deposit requirement and the first month's rent because
8 their savings are nonexistent or depleted due to unemployment or
9 underemployment. Contributing to this difficulty is Hawaii's
10 high cost of living, particularly in the area of housing. A
11 program that provides loans to fund both the security deposit
12 and the first month's rent for struggling low-income residents
13 will help the State's poor in obtaining adequate and stable
14 permanent rental housing.

15 SECTION 2. Chapter 346, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:



1 "§346- Rental deposit loan program. (a) There is
2 established within the department the rental deposit loan
3 program to assist low-income individuals, families, the elderly,
4 and homeless families and individuals in obtaining rental
5 housing by providing loans for security deposit and first
6 month's rent payments.

7 (b) The department shall contract nonprofit organizations
8 pursuant to chapter 103F for the administration of the program.

9 (c) All funds provided to recipient nonprofit
10 organizations shall be placed into revolving loan funds and
11 deposited in a bank or savings account that is separate from all
12 other funds of the recipient nonprofit organization. Each fund
13 and interest earned on amounts in the fund shall be used only as
14 payment of associated bank charges for the maintenance of the
15 fund and for payment of the security deposit and first month's
16 rent required by a residential rental property owner as a
17 condition for entering into a rental agreement with a
18 prospective tenant.

19 (d) Persons who are eligible to participate as tenants in
20 the rental deposit loan program shall be limited to low-income
21 individuals, families, the elderly, and homeless families and
22 individuals who are residing in substandard or shared housing,



1 an emergency shelter, or transitional housing operated by a
2 nonprofit corporation, or to families who are temporarily
3 residing in a park, car, or are otherwise without adequate
4 shelter.

5 (e) The recipient nonprofit organization shall make a
6 determination regarding each person's or family's eligibility to
7 participate in the rental deposit loan program and availability
8 of a local rental unit for that person or family. A
9 determination of eligibility shall include:

10 (1) A determination that the person or family resides in
11 substandard or overcrowded housing, is homeless, or is
12 in a shelter or transitional housing; and

13 (2) A verification of income and that the person or family
14 is reasonably capable of paying the monthly rental
15 payment but does not have the financial resources to
16 pay the rental security deposit, first month's rent,
17 or both.

18 (f) A contract shall be required for participation in the
19 rental deposit loan program between the nonprofit organization
20 operating the program on behalf of the department and the
21 tenant. The contract shall include but not be limited to the
22 following terms:



- 1 (1) Agreement by the tenant to a payment schedule of a
2 specific number of months not to exceed twenty-four
3 months; provided that the deposit held by the owner or
4 owner's agent shall be returned directly to the tenant
5 upon vacating the premises;
- 6 (2) The nonprofit organization agrees to encumber or
7 reserve funds through the program upon execution of
8 the agreement;
- 9 (3) At any time during the term of the lease agreement,
10 any claims made by the owner or owner's agent against
11 the tenant shall only be against the tenant and not
12 against the nonprofit organization; and
- 13 (4) If a deduction from the security deposit is required,
14 the deduction shall be taken only to the extent
15 permitted by the contract and in the manner provided
16 by law, including notice to the legal agency or
17 organization. The tenant shall have no direct use of
18 security deposit funds during the term of the
19 repayment agreement.
- 20 (g) When selecting grant recipients, preference shall be
21 given to nonprofit organizations that have experience in



1 managing affordable housing projects or developing and managing
2 rental deposit loan programs.

3 (h) A nonprofit organization receiving a grant pursuant to
4 this section may use a portion of the grant for the costs of
5 administering the rental deposit loan program. The department
6 shall approve the amount to be used prior to expenditure;
7 provided that the amount may not exceed ten per cent of the
8 grant.

9 (i) The staff of the nonprofit organization assigned to
10 administer the program shall solicit housing opportunities for
11 low-income and homeless families and persons, coordinate with
12 local low-income rental property owners, make determinations
13 regarding the eligibility of prospective tenants for the
14 program, and provide information to prospective tenants on
15 relevant provisions of the residential landlord-tenant code,
16 appropriate treatment of property, and the importance of timely
17 rental payments. The staff of the nonprofit organization
18 assigned to administer the program shall be available to
19 property owners and tenants during normal business hours to
20 answer questions or complaints about the program.

21 Participating nonprofit organizations shall work closely
22 and coordinate with homeless services provider organizations.



1 (j) Participating nonprofit organizations shall keep
2 statistical records of families and individuals served and
3 provide reports quarterly to the department."

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$ or so much
6 thereof as may be necessary for fiscal year 2014-2015 for the
7 establishment of the rental deposit loan program to assist low-
8 income and homeless individuals and families in obtaining
9 adequate and affordable housing.

10 The sum appropriated shall be expended by the department of
11 human services for the purposes of this Act.

12 SECTION 4. New statutory material is underscored.

13 SECTION 5. This Act shall take effect on July 1, 2050.



Report Title:

Affordable Housing; Rental Deposit Loan Program; Appropriation

Description:

Establishes a rental deposit loan program within the department of human services to assist low-income and homeless individuals and families in obtaining affordable rental housing. Effective July 1, 2050. (SB2540 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

