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

15 SECTION 2. Chapter 201H, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:



1 "§201H- Rental deposit loan program. (a) There is
2 established within the corporation 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 corporation shall contract with nonprofit
8 organizations pursuant to chapter 103F for the administration of
9 the program.

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

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



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

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

11 (1) A determination that the person or family resides in
12 substandard or overcrowded housing, is homeless, or is
13 in a shelter or transitional housing; and
14 (2) A verification of income and that the person or family
15 is reasonably capable of paying the monthly rental
16 payment but does not have the financial resources to
17 pay the rental security deposit, first month's rent,
18 or both.

19 (f) A three-party contract shall be required for
20 participation in the rental deposit loan program. The parties
21 to the contract shall be the nonprofit organization operating
22 the program on behalf of the corporation, the tenant, and the



1 rental property owner or the owner's agent. The contract shall
2 include but not be limited to the following terms:

- 3 (1) Agreement by the rental property owner or the owner's
4 agent to accept the security deposit and first month's
5 rent from the nonprofit organization on behalf of the
6 family or individual who will occupy the premises;
- 7 (2) Upon execution of the agreement, the nonprofit
8 organization shall encumber or reserve funds through
9 the program;
- 10 (3) Agreement by the tenant to a payment schedule of a
11 specific number of months not to exceed twenty-four
12 months; provided that the deposit held by the owner or
13 owner's agent shall be returned directly to the tenant
14 upon vacating the premises;
- 15 (4) At any time during the term of the lease agreement,
16 any claims made by the owner or owner's agent against
17 the tenant shall only be against the tenant and not
18 against the nonprofit organization; and
- 19 (5) If a deduction from the security deposit is required,
20 the deduction shall be taken only to the extent
21 permitted by the contract and in the manner provided
22 by law, including notice to the legal agency or



1 organization. The tenant shall have no direct use of
2 security deposit funds during the term of the
3 repayment agreement.

4 (g) When selecting grant recipients, preference shall be
5 given to nonprofit organizations that have experience in
6 managing affordable housing projects or developing and managing
7 rental deposit loan programs.

8 (h) A nonprofit organization receiving a grant pursuant to
9 this section may use a portion of the grant for the costs of
10 administering the rental deposit loan program. The corporation
11 shall approve the amount used prior to expenditure, and the
12 amount may not exceed ten per cent of the grant.

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



1 property owners and tenants during normal business hours to
2 answer questions or complaints about the program.

3 A nonprofit organization shall work closely and coordinate
4 with homeless services provider organizations.

5 (j) A nonprofit organization shall keep statistical
6 records on families and individuals served and provide reports
7 quarterly to the corporation."

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

14 The sum appropriated shall be expended by the Hawaii
15 housing finance and development corporation for the purposes of
16 this Act.

17 SECTION 4. New statutory material is underscored.

18 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 Hawaii housing finance and development corporation to assist low-income and homeless individuals and families in obtaining affordable rental housing. Effective 7/1/2050. (SD2)

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

