

DAVID Y. IGE
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JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Wednesday, February 24, 2021
2:00 p.m.
Via Videoconference**

**On the following measure:
H.B. 1376, H.D. 1, RELATING TO THE LANDLORD-TENANT CODE**

WRITTEN TESTIMONY ONLY

Chair Luke and Members of the Committee:

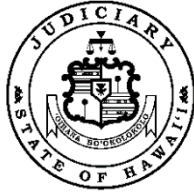
My name is Stephen H. Levins, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Office of Consumer Protection. The Department supports this bill.

The purposes of this bill are to: (1) extend the period for a notice of summary possession from five to fifteen days; (2) require landlords to enter into mediation and delays when a landlord may seek possession of a dwelling unit, if the tenant schedules or attempts to schedule a mediation; (3) require landlords to provide notice to the mediation centers that offer free mediation for residential landlord-tenant disputes; (4) restrict when a landlord may exercise these remedies depending on the amount of rent due; and (5) appropriate funds for the Judiciary to contract for mediation services. If enacted into law, the act will repeal one year after the expiration of the date of the final eviction moratorium imposed pursuant to a COVID-19 state of emergency declaration.

The Department supports H.D. 1 because it builds into the summary possession of residential properties a mediation process to resolve issues related to the nonpayment of rent, up to one year after the expiration of the last eviction moratorium imposed, because of COVID-19. Mediation will encourage affected parties to reach a mutually beneficial resolution regarding a tenant's arrearages.

Additionally, the mediation process outlined in H.D. 1 will benefit the Judiciary by reducing the huge number of summary possession cases it will need to dispose of, due to the COVID-19 pandemic.

Thank you for the opportunity to testify on this bill.



The Judiciary, State of Hawai'i

Testimony to the Thirty-First State Legislature, 2021 Session

House Committee on Finance
Representative Sylvia Luke, Chair
Representative Ty J. K. Cullen, Vice Chair

Wednesday, February 24, 2021, 2:00 p.m.
State Capitol, Conference Room 308
VIA VIDEOCONFERENCE

by:
Mark M. Santoki
Acting Deputy Chief Court Administrator
First Circuit

WRITTEN TESTIMONY ONLY

Bill No. & Title: House Bill No. 1376, House Draft 1–Relating to the Landlord-Tenant Code

Purpose: Extends the period for a notice of summary possession from five days to fifteen. Requires landlords to enter into mediation and delays when a landlord may seek possession of a dwelling unit if the tenant schedules or attempts to schedule mediation. Requires landlords to provide the notice to mediation centers that offer free mediation for residential landlord-tenant disputes. Restricts when a landlord may exercise these remedies depending on the amount of rent due. Appropriates funds for the office of the administrative director to administer required mediation. Repeals one year after the expiration date of the final eviction moratorium imposed pursuant to a COVID-19 state of emergency proclamation. Effective 1/1/2050

Judiciary's Position:

The Judiciary takes NO POSITION on this measure, but provides the following comments.

Mediation has always been used as an alternative for parties to resolve their cases without

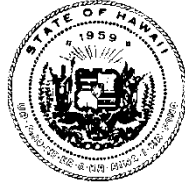
the necessity of a trial. This bill will allow for a process in which a landlord can begin the eviction processes while protecting tenants and ensuring the courts will not become overwhelmed with cases. Requiring mediation before a complaint may be filed with the court, rather than after a complaint is filed, will reduce the number of cases filed with the courts. By limiting the number of cases at returnable hearings, pretrial conferences, and trials, court resources can be used more efficiently. Requiring mediation before a complaint may be filed will also provide landlords and tenants with an opportunity to resolve their disputes before investing time and money into litigation.

Phasing in summary possession filings and prioritizing cases based on the length of the rent delinquency will provide for a more orderly disposition of cases. Expanding the notice period from 5 days to 15 days will give tenants additional time to cure any default by paying their rent or applying for rent relief to the extent such programs are available.

If the eviction moratorium is lifted without enactment of this bill, the Judiciary will likely be flooded with thousands of cases that our system will be unable to process in a timely manner.

Thank you for the opportunity to testify on this measure.

DAVID Y. IGE
GOVERNOR



DENISE ISERI-MATSUBARA
EXECUTIVE DIRECTOR

STATE OF HAWAII

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT AND TOURISM
HAWAII HOUSING FINANCE AND DEVELOPMENT CORPORATION
677 QUEEN STREET, SUITE 300
Honolulu, Hawaii 96813
FAX: (808) 587-0600

IN REPLY REFER TO:

Statement of
DENISE ISERI-MATSUBARA
Hawaii Housing Finance and Development Corporation
Before the

HOUSE COMMITTEE ON FINANCE

February 24, 2021 at 2:00 p.m.
State Capitol, Room 308

In consideration of
H.B. 1376, H.D. 1
RELATING TO THE LANDLORD-TENANT CODE.

The HHFDC supports H.B. 1376, H.D. 1, which temporarily amends the Landlord-Tenant Code's summary possession provisions to establish a mediation process prior to the filing of summary possession actions to resolve issues related to nonpayment of rent.

This bill will encourage the mutually beneficial resolution of rent arrearages between landlords and tenants, and help to avert a flood of evictions due to the COVID-19 pandemic.

Thank you for the opportunity to provide written comments on this measure.



CATHOLIC CHARITIES HAWAII

Testimony in Support of HB 1376 HD1: Relating to the Landlord-Tenant Code

TO: House Committee on Finance
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Wednesday, 2/24/21; 3:00 pm; via videoconference**

Chair Luke, Vice Chair Cullen, and Members, Committee on Finance:

Thank you for the opportunity to provide testimony **in support of HB 1376 HD1**, which makes various changes to the Landlord-Tenant Code after the end of rent moratoriums, including requiring landlords to enter into mediation. I am Rob Van Tassell, with Catholic Charities Hawai'i.

Catholic Charities Hawai'i (CCH) is a tax exempt, non-profit agency that has been providing social services in Hawai'i for over 70 years. CCH has programs serving elders, children, families, homeless, and immigrants. Our mission is to provide services and advocacy for the most vulnerable in Hawai'i. Catholic Charities Hawai'i has a long history of working in the areas of affordable housing and homelessness.

Catholic Charities Hawai'i helps many struggling families, elders, veterans and people who are homeless to find housing. We are very concerned that after the pandemic rent moratoriums end, there may be a wave of evictions of good renters who fell behind in rent due to the extreme economic crisis faced by our state. Hawai'i cannot afford a new surge in homelessness; nor can it afford a wave of outmigration of these working families seeking other alternatives on the Mainland.

We support this bill and suggest that it could benefit from amendments that would further help struggling workers get back on their feet, pay rent, and be productive citizens.

We urge that the following be included in this bill:

- Do not allow summary possessions to begin until the State has resolved the extreme issues with unemployment payments and getting rental assistance funds out to people.
- Mediation in this bill is critical but many times neither landlords nor tenants may understand the process. The sample form included in the original bill would be helpful especially when information is included about language access and how to contact the courts or look up court dates. Please re-insert the sample form with above information.
- Expunge evictions and summary possessions which have occurred during the pandemic. Without this, tenants may be locked out of housing for decades to come.
- Language access is critical for so many of Hawaii's lower income families as well as landlords. We urge that the Legislature provide the longest time possible not only for mediation, but also time for tenants who receive a notice from their landlords, to seek legal counsel or get their notice translated or reviewed by advocates. Messaging to the public about the rent moratorium in non-English languages is sorely lacking

Thank you for your concern to find ways to ensure Hawaii's renters and landlords can recover from this pandemic. Please contact our Legislative Liaison, Betty Lou Larson at (808) 373-0356 or bettylou.larson@catholiccharitieshawaii.org if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822
Phone (808)373-0356 • bettylou.larson@CatholicCharitiesHawaii.org



February 24, 2021

The Honorable Sylvia Luke, Chair
House Committee on Finance
Via Videoconference

RE: House Bill 1376, HD1, Relating to the Landlord-Tenant Code

HEARING: Wednesday, February 24, 2021, at 2:00 p.m.

Aloha Chair Luke, Vice Chair Cullen, and Members of the Committee,

I am Ken Hiraki, Director of Government Affairs, testifying on behalf of the Hawai'i Association of REALTORS® (“HAR”), the voice of real estate in Hawai'i, and its over 10,000 members. HAR **supports** House Bill 1376, HD1, extends the period for a notice of summary possession from five days to fifteen. Requires landlords to enter into mediation and delays when a landlord may seek possession of a dwelling unit if the tenant schedules or attempts to schedule mediation. Requires landlords to provide the notice to mediation centers that offer free mediation for residential landlord-tenant disputes. Restricts when a landlord may exercise these remedies depending on the amount of rent due. Appropriates funds for the judiciary to contract for mediation services. Repeals one year after the expiration date of the final eviction moratorium imposed pursuant to a COVID-19 state of emergency proclamation.

Due to the COVID-19 pandemic, through no fault of their own, thousands of Hawaii's residents have lost their jobs, which includes both housing providers and renters.

To address this, there has been an eviction moratorium in Hawai'i since April 16, 2020. Additionally, there is a federal moratorium until the end of March 2021. Also, the recently passed COVID relief package will provide an additional \$200 million to help both Hawai'i renters and housing providers. Ultimately, rental assistance programs are the most helpful because it helps renters who need their rents covered and it also help housing providers who may have also lost their jobs and rely on the income from the rental property.

At some point, the moratorium will have to end. HAR believes this measure is a workable solution that provides a balanced approach by encouraging communication between both the renter and housing provider. Furthermore, the mediation process can help both parties understand their options, such as possible rental assistance and help that is available.

HAR would prefer a more fixed date, such as June 1, 2022, as contained in the original measure.

Mahalo for the opportunity to testify.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law & Economic Justice
In Support of HB 1376 HD 1 – Relating to the Landlord-Tenant Code
House Finance Committee
Wednesday, February 24, 2021, 2:00 pm, via videoconference

Dear Chair Luke and members of the Committee:

Thank you for the opportunity to provide testimony in SUPPORT of HB 1376 HD 1, which would provide desperately needed protection from eviction to tenants who have been struggling to pay rent because of the COVID-19 medical and economic crises, as well as provide a path forward from those crises for tenants, landlords, the courts and the general public. We strongly endorse the core concepts of the bill:

- an extension of a blanket eviction moratorium through the next few months;
- a requirement that landlords make mediation available to tenants prior to filing a court action;
- a standard, clearly worded notice provision for landlords to provide to tenants informing them of the opportunity to mediate;
- well-funded and well-organized mediation from experienced mediators to assist landlords and tenants access rental assistance funds and negotiate rent reductions, and payment plans;
- a gradual phase-out of the moratorium over the course of four months, starting with those tenants who are farthest behind in rent.

We believe the Committee should also significantly strengthen the bill by incorporating the suggestions that we understand have been or will be submitted by the University of Hawai'i Medical-Legal Partnership:

- Evictions and summary possessions during the pandemic should be expunged, and provisions should be added to the bill to require expungement and sealing of related court records;
- Notice to the tenant by the landlord of the opportunity to cure and enter into mediation could be expanded;
- The sample form should include information about language access and how to call the courts or look up court date information.

Hawai'i faces two crises arising from the COVID-19 pandemic. The first is the medical crisis arising from the deadly and contagious nature of the disease, and the need to protect public health by ensuring that everyone can observe social distancing and other measures as much as possible. It now appears possible that this crisis will be resolved or greatly mitigated by the

The Hawai'i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.

summer, allowing a return to some semblance of normal life. Until we reach that point, the eviction moratorium should remain in place; evictions will force tenants to move to new housing, move in with friends or relatives, or become homeless. These moves threaten the health not only of the tenants who have to move, but also the general public because increased density and homelessness promote the spread of the disease.

The second crisis is an economic one, resulting from the shutdown of much of the state's economy. Thousands of tenants across the state have become unemployed or have seen sharp drops in income. Landlords have lost significant amounts of income on which they depended for paying their own bills. Although rental assistance has prevented many serious problems, the economic picture for many landlords and tenants remains dire. The Economic Research Organization of the University of Hawai'i reported in January on the results of its survey of landlords on conditions in November:

[T]he number of renters behind on their rent remained substantially higher than pre-COVID baseline conditions. In a normal month, most landlords expect about 5% of their tenants to be late on rent, and about 2% falling at least a month behind. In November, 17% of tenants were late and, most troublingly, 7.5% were over a month late on rent. This figures are despite the active participation of nearly 40% of our landlords in the various rent relief programs (which they reported assisting 6.5% of their tenants).¹

Landlord representatives report similar data.

HB 1376 HD 1 is an innovative and effective measure to address both the public health and economic challenges. The bill's mediation provisions will allow tenants and landlords to work out payment plans, and potentially negotiate rent reductions and forgiveness of arrearages. Mediation will also help ensure that tenants and landlords take advantage of opportunities for rental assistance from all levels of government (county, state and federal) as well as private sources. We understand that experienced mediators are available to conduct the expected number of mediations. The legislature should ensure that mediation efforts are adequately funded. The state will recover the expense of mediation many times over for each mediation that prevents an eviction.

HB 1376 HD 1 also helps our judicial system from being overwhelmed by a flood of eviction actions the day the moratorium ends. The bill sensibly mediation for tenants who have the most back rent, and allows landlords to move to evict those tenants if an agreement cannot be reached.

We appreciate your consideration of this testimony.

¹ [November Rental Market: Troubling Signs Remain As State Prepares for an Uncertain 2021 · UHERO \(hawaii.edu\)](#)

TESTIMONY IN SUPPORT OF HB 1376, HD1 –
RELATING TO RESIDENTIAL LANDLORD-TENANT CODE

House Committee on Finance –Via Videoconference

Representative Sylvia Luke, Chair
Representative Ty J.K. Cullen, Vice Chair

Wednesday, February 24, 2021 at 2:00 p.m.

The Legal Aid Society of Hawai`i (Legal Aid) submits testimony in support of HB 1376, HD1 – Relating to Residential Landlord-Tenant Code. For Legal Aid, this testimony is submitted by Dan O’Meara and I am the Managing Attorney of Legal Aid’s Housing and Consumer Unit, a unit that provides legal assistance on landlord/tenant and housing matters, as well as consumer issues. Since the start of the pandemic, our caseloads for landlord/tenant matters has doubled with over 900 cases being opened. We have been providing technical assistance on these issues, working with the Judiciary, social service organizations, government entities, foundations, and the bar to provide training and legal information, and to work on creating solutions to maintaining housing during this public health crisis.

HB 1376, HD1 is a companion bill to SB 1388, SD1. Legal Aid submitted testimony for SB 1388, SD1 and this testimony is reflective of some of the nuances between HB 1376, HD1 and SB 1388, SD1. We appreciate the opportunity to address this important work of the legislature before this committee regarding the potential eviction crisis.

In light of the currently approved and proposed rental assistance programs, and the rental housing crisis, this bill provides flexible relief to tenants, landlords, the judiciary and the government and private agencies that have to address the potential of increased homelessness.

We support HB1376, HD1 for the same reasons we noted in our testimony at the first hearing on HB1376, (Proposed HD1). Rather than restate what we already said, I will focus on the subtle differences compared to SB1388, SD1.

The analogy to what this proposed legislation will accomplish is similar to what was done on a national level during the foreclosure crisis from 10 to 13 years ago. To keep the banking system from failing and to keep people in their homes while the bailout could take effect, Congress passed legislation which was characterized as “foaming the runway” for foreclosures. The intent was to provide assistance to lenders and homeowners so that the foreclosure housing crisis did not crash all at once in the country and economy, but allowed a smooth (or at least smoother) way to allow homeowners to modify their loans and mitigate the impact on the economy and governmental services.

Likewise, HB1376, HD1 (and SB1388, SD1) will have the effect of phasing in evictions to allow landlords and tenants to benefit from the rental assistance programs in place and proposed. It will help keep the rental housing market from a crash landing at one time and soften the impact on landlords, tenants, the economy, and the need for governmental services. Subsection (h) is a key provision in HB1376, HD1 in phasing in evictions, allowing all involved more time to become current or make payments to landlords.

HB1376, HD1 provides the form of the notice for a landlord to send to a tenant to provide a safe-harbor for the landlord when they prepare the notice. SB1388, SD1 does not include the form of notice, but provides the court more discretion to correct errors in the notice. The same protections to tenants are in both bills, regardless of this particular difference.

Lastly, I want to note one part of SB1388, SD1 that differs from HB1376, HD1. Subsection (g)(1) in SB1388, SD1 provides that a summary possession may not be filed until the **third** day after the end of the moratorium. Subsection (h)(1) in HB1376, HD1 provides that a summary possession may not be filed until the **first** day after the end of the moratorium. The reason to point out this difference is that HB1376, HD1 provides an effective date immediately after the moratorium ends

while SB1388, SD1 either provides a two-day cooling off period for evictions after the end of the moratorium or the **third** day versus the **first** day is a two-day hole in which landlords will attempt to file all of their notices and evictions after the end of the moratorium, before the provisions of SB1388, SD1 in subsection (g)(1) take effect. It is subtle, but this intended to determine if it was purposeful.

I want to reiterate, HB 1376, HD1 will be a valuable tool to mitigate the impact of a flood of evictions. This bill also provides a mechanism to help lessen an eviction crisis in a thoughtful manner through legislation. Thank you for this opportunity to provide testimony. Legal Aid supports HB 1376, HD1.

Sincerely,

/s/ Daniel J. O'Meara
Daniel J. O'Meara, Esq.
Managing Attorney Housing and Consumer Unit
Legal Aid Society of Hawai'i

The Legal Aid Society of Hawai'i is the only legal service provider with offices on every island in the state, and in 2020 provided legal assistance to over 7,300 Hawai'i residents in the areas of consumer fraud, public assistance, family law, the prevention of homelessness, employment, protection from domestic violence, and immigration. Our mission is to achieve fairness and justice through legal advocacy, outreach, and education for those in need.



Medical-Legal Partnership Hawai'i

A Project of the William S. Richardson School of Law
2515 Dole Street, Honolulu, Hawai'i 96822

HB1376 HD1: RELATING TO THE LANDLORD-TENANT CODE

House Committee on Finance

Feb. 24, 2021; 2:00 p.m.

The Medical-Legal Partnership represents patients at a community health center with their legal needs. Most of our clients are from communities disproportionately impacted by the coronavirus pandemic. We offer the following **COMMENTS** on **HB1376 HD1**. The bill could benefit from amendments to ensure tenants are not prejudiced by the coronavirus pandemic in decades to come, and to require that tenants facing eviction are informed of their rights and responsibilities. Above all, we urge that summary possessions should not occur until the severe issues processing unemployment insurance and rental assistance funds from yet to be released federal funds (e.g. CARES Act funds) are rectified.

1. Evictions and summary possessions during the pandemic should be expunged, and provisions should be added to the bill to require expungement and sealing of related court records.

The effects of the pandemic on housing insecurity for local families will continue long into the future if we allow the court records of summary possessions to remain on individuals' records and prejudice their search for housing. Many other states have already moved to allow individuals to expunge eviction records¹; other states are looking to pass similar legislation to administratively expunge or seal all pandemic evictions. We recommend amendments to this bill to do the same. We would also suggest that the expungement could be broad to cover all evictions during the pandemic. While the moratoriums target evictions based on non-payment of rent, we have seen some landlords move to evict based on the pretext of 'lease violations' for behaviors previously condoned for years.

2. Notice to the tenant by the landlord of the opportunity to cure and enter into mediation could be expanded.

In our experience, the incentive to 'cure' a backlog in rent is highest before a landlord has filed for summary possession. At that time, tenants are able to avoid what are often the worst consequences of a summary possession: a record which can prejudice them in their subsequent search for housing. Therefore, it is key to this bill not only acts to divert cases from court for the purposes of mediation but allow time for tenants to cure non-payment. Tenants also need time to seek legal council or get their notice translated or reviewed by advocates. Messaging about the eviction moratorium in languages other than English has been seriously lacking. As a result, our program has interacted with both landlords and tenants who are still simply unaware of the meaning

¹ Nevada, Oregon, and Minnesota allow for expungements. Ohio, Illinois, Massachusetts and Washington D.C. have local laws that allow for sealing of court records.. Other states like New York allow expungement after agreement between landlords and tenant.



Medical-Legal Partnership Hawai'i

A Project of the William S. Richardson School of Law
2515 Dole Street, Honolulu, Hawai'i 96822

of the moratoriums as well as deadlines and dates. We have seen language access needed for both landlords and tenants. Also, we cannot stress enough how difficult it was for clients to access rental assistance funds, as well as the **sheer number of landlords who refused to accept the assistance or failed to accept that most assistance applications took longer than two months to process.** While mediation can be a helpful tool, and we applaud this bill moving the trigger to mediate before a court filing, it is often equally important that a tenant enter mediation informed of their rights and responsibilities, and have adequate time to seek rental assistance.

Additionally, during the pandemic, we have seen more than a 100% increase in clients seeking assistance at our program, and we expect that other legal service providers have the same. Equally difficult is facing increased client needs while dealing with pandemic related communication issues, particularly with low-income families who often lack phone, internet and technology and rely on in-person visits to complete intakes. Requiring longer notice from the landlord to the tenant of notice to cure may be just as beneficial as mediation.

3. The sample form incorporated into statute is helpful and should be strengthened to include information about language access and how to call the courts or look up court date information.

As discussed above, the pandemic has exacerbated existing language access issues, as well as procedural challenges, for both tenants and landlords. For example, more than three years ago a report² by Lawyers for Equal Justice detailed how the court summons forms attached to summary possession notices are confusing for clients. The forms only indicate that tenants should 'appear at court five business days after date of service.' **The date of service, however, is never featured on the summons. Defaults are often a result of tenants incorrectly calculating their court date,** or taking too long to find an advocate who can read and identify the required date. This is particularly worsened during the pandemic when in person services are closed. I cannot emphasize enough the number of clients we have worked with even during the pandemic who have simply miscalculated or been unaware of their court date. Our program conducts community trainings on how to find their court date and other self advocacy skills. Including instructions for language access, could help direct individuals to the best appropriate place and further ensure needy families do not get lost in the shuffle.

Mahalo for the opportunity to provide comments.

Deja Ostrowski, Esq.
Medical-Legal Partnership
808-728-0004; dejao@hawaii.edu

² See Evicted in Hawai'i: Lives Hanging in the Balance available at <https://www.hiequaljustice.org/reports/evicted-hawaii>

HOUSE OF REPRESENTATIVES
THE THIRTY-FIRST LEGISLATURE
REGULAR SESSION OF 2021

COMMITTEE ON FINANCE

Rep. Sylvia Luke, Chair
Rep. Ty J.K. Cullen, Vice Chair

HEARING: Wednesday, February 24, 2021
2:00 p.m.
VIA VIDEOCONFERENCE

HB1376: Relating to the Landlord-Tenant Code Bill

TO THE HONORABLE SYLVIA LUKE, CHAIR AND THE HONORABLE TY J.K.
CULLEN, VICE CHAIR AND MEMBERS OF THE COMMITTEE

My name is Tracey Wiltgen, and I am writing in support of HB 1376. The purpose of this bill is to encourage landlords and tenants to engage in mediation and negotiate payment plans that will benefit both landlord and tenant, and ultimately prevent a flood of evictions in the courts that would lead to thousands of tenants and their families losing their residences and becoming homeless.

Due to the Coronavirus pandemic, a moratorium was created to protect tenants financially impacted by the economic downturn caused by the pandemic and keep them in their homes. While the spirit of the moratorium supports the needs of tenants, due to the longevity of the pandemic and the accompanying lengthening of the moratorium, landlords have suffered financially, as many have received little or no rent to cover their own expenses to maintain the property, and in some instances, make the mortgage payments on the property. It has been almost one year since the moratorium was initiated. As a result, many landlords, as well as tenants, have been significantly impacted financially over the past year. When the moratorium ends, there could be a flood of eviction filings necessitated by the fact that landlords have suffered significant loss. This scenario would overwhelm the courts and ultimately end with many tenants being evicted without anywhere to go, thereby further increasing an already large homeless population in the State.

HB 1376 proposes three key actions that would help to prevent a flood of evictions and more importantly, support the future financial stability of both landlords and tenants. First, HB 1376 proposes lengthening the period of notice before a landlord can initiate an eviction proceeding from 5 to 15 days, giving the tenant more time to prepare for negotiating a payment plan or alternately, finding a new place to live. Second, HB 1376 requires the tenant to engage in mediation with the landlord. And finally, HB 1376 proposes a staggered process for filing evictions based on the amount of back rent owed. These three key components of HB 1376 are

critical steps in avoiding a flood of evictions that would ultimately lead to more families becoming homeless.

The 15-day notice gives tenants time to receive the notice when they live in a rural area in which they infrequently pick up their mail from a P.O. Box, or in other instances, don't understand the meaning of the notice and may need to seek the help or advice of family, friends, interpreter, legal counsel, or other resources.

The requirement of mediation provides landlords and tenants with the opportunity to engage in safe, productive conversations with the help of an impartial mediator, to discuss realistic options of negotiating payment plans for back rent, reduced rent moving forward, forgiveness of back rent for moving out, workout options for rent owed, and many other creative solutions that would save both landlord and tenant the time and stress from fighting it out in court. In these challenging economic times, working out a resolution that maintains a valuable tenant for the future and enables a family to stay in their residence, can be a win for the people involved, as well as the community in which they reside.

Finally, the staggered process for filing evictions based on the amount of back rent proposed by HB 1376 is essential for preventing a flood of eviction filings when the moratorium ends. According to the data from the UHERO landlord survey and the Census Pulse data, approximately 8% of renters, or 14,800 families, are between one and six months behind in their rent for a total of approximately \$54,316,000. If the moratorium were to lift on April 13th, the current deadline for the ending of the State moratorium, and the landlord of every tenant behind on their rent filed for eviction, then thousands of families would end up homeless. With the staggered process, increased notice, and requirement for participating in mediation, landlords and tenants will be incentivized to engage in conversations that can lead to negotiated agreements that support realistic payments to landlords and secure housing for the tenants, or alternately, payment plans that help offset the current heavy financial burden of many landlords, and debt-free path forward for tenants.

The Coronavirus and the accompanying collapse in Hawaii's economy has created a state of emergency that requires creative thinking and collaborative action that will enable everyone to move forward and ultimately survive and thrive. HB 1376 is an example of such creative thinking and collaboration that is designed to assist landlords and tenants. Your favorable approval of HB 1376 is essential. Passage of this bill will be a major step toward supporting tenants and landlords and re-strengthening Hawaii's communities.

Sincerely,



Tracey S. Wiltgen

HB-1376-HD-1

Submitted on: 2/23/2021 1:59:06 PM

Testimony for FIN on 2/24/2021 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joseph E Cardoza	Individual	Support	No

Comments:

Chair: Hon. Sylvia Luke, Chair

Vice Chair: Hon. Ty J.K. Cullen, Vice Chair

Committee: House Committee on Finance

Testimony of: Joseph E. Cardoza

Organization: None

Hearing Date: Wednesday, February 24, 2021

Hearing Time: 2:00 p.m.

Place: Via Videoconference

Conference Room 308

Hawai`i State Capitol

415 South Beretania Street

Honolulu, Hawai`i

House Bill: HB No. 1376, HD1

Position: Testimony in Support of HB No. 1376, HD1

I am submitting this testimony in my individual capacity and in support of HB No. 1376, HD1.

HB No. 1376, HD1 is designed to address, for a limited time, the unique and challenging circumstances presented by the Coronavirus Pandemic and its impact on rental housing in Hawai`i. When combined with the federally funded rent relief program that will make rent assistance available dating back to March 2020, HB No. 1376, HD1 creates an equitable balance for landlords and tenants. HB No. 1376, HD1 will provide landlords and tenants with the opportunity to mediate prior to landlords filing an eviction case. This will give landlords and tenants the chance to explore all options in order to survive this difficult period. Without this bill, the outcome could be serious for all concerned, including landlords, tenants, and the community.

For the foregoing reasons, I support HB No. 1376, HD1.

Thank you for the opportunity to submit this written testimony. I do not plan to testify during the videoconference hearing.