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GOVERNOR
KE KIA'ĀINA



CATHY BETTS
DIRECTOR
KA LUNA HO'OKELE

JOSEPH CAMPOS II
DEPUTY DIRECTOR
KA HOPE LUNA HO'OKELE

STATE OF HAWAII
KA MOKU'ĀINA O HAWAI'I
DEPARTMENT OF HUMAN SERVICES
KA 'OIHANA MĀLAMA LAWELAWE KANAKA
Office of the Director
P. O. Box 339
Honolulu, Hawaii 96809-0339

March 20, 2023

TO: The Honorable Representative Mark M. Nakashima, Chair
House Committee on Consumer Protection & Commerce

FROM: Cathy Betts, Director

SUBJECT: [SB 393 SD1 HD1](#) - RELATING TO THE LANDLORD-TENANT CODE.

Hearing: March 21, 2023, 2:00 p.m.
Conference Room 329 & Via Videoconference, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) appreciates the measure's intent, provides comments, and defers to the Departments of Commerce & Consumer Affairs and Health, the Hawaii Public Housing Authority, the Judiciary, and the Counties.

PURPOSE: This bill establishes and appropriates funds for a pre-litigation mediation pilot program. Requires landlords to participate in mediation before filing an action for summary possession. Creates and appropriates funds for an emergency rent relief program to be made available to certain qualified participants in the pre-litigation mediation pilot program. Effective 6/30/3000. (HD1)

The SD1 amended the measure by defecting the effective date. The HD1 amended the measure by:

- (1) Deleting its contents and inserting the contents of H.B. No. 1439, H.D. 2, a measure that:

- (A) Establishes and appropriates funds for a Pre-Litigation Mediation Pilot Program under the Judiciary, beginning on September 1, 2023, which requires landlords to participate in mediation before filing an action for summary possession;
 - (B) Establishes and appropriates funds for an Emergency Rent Relief Program under the Hawaii Public Housing Authority;
 - (C) Contains a sunset date of June 30, 2025; and
 - (D) Contains an effective date of June 30, 3000;
- (2) Clarifying that eligible participants in the Emergency Rent Relief Program are limited to those participants in the Pre-Litigation Mediation Pilot Program with an income of no more than eighty percent of the area median income; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

DHS appreciates the Legislature's effort to incorporate the pre-litigation mediation program temporarily established by Act 57, Session Laws of Hawaii 2021 (Act 57), including appropriating funds for rental assistance.

Act 57 mediation assisted many low-income renters in avoiding eviction or allowed a negotiated move-out that avoided further judicial proceedings and judgments. The program also gave assurance to landlords that payment was forthcoming. Preventing eviction allows families, especially with children, to remain in stable housing, allows children to continue to attend their community schools, and maintains their community social connections. Conversely, housing instability can result in long-term health outcomes, school and employment disruption, and increased family stress.

Lastly, providing funds for an emergency rent relief program will help families back on rent as the federal pandemic rental subsidies end.

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

March 21, 2023

The Honorable Mark M. Nakashima, Chair

House Committee on Consumer Protection & Commerce
State Capitol, Conference Room 329 & Videoconference

RE: Senate Bill 393, SD1, HD1, Relating to the Landlord-Tenant Code

HEARING: Tuesday, March 21, 2023, at 2:00 p.m.

Aloha Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawai'i and its over 11,000 members. HAR provides **comments** on Senate Bill 393, SD1, HD1, which establishes and appropriates funds for a pre-litigation mediation pilot program. Requires landlords to participate in mediation before filing an action for summary possession. Creates and appropriates funds for an emergency rent relief program to be made available to certain qualified participants in the pre-litigation mediation pilot program. Effective 6/30/3000.

HAR appreciates the intent of this measure and supports emergency rent relief as it helps both tenants struggling to make their rent payments as well as housing providers who may have mortgage payments. However, the success of eviction mediation is closely linked to rent relief. Currently, this measure limits rent relief to eligible participants with an income of no more than 80% of the area median income. Given that eviction mediation applies to all rentals, we suggest that rent relief should be applied to all tenants, regardless of their area median income. Moreover, area median income may not be indicative of a tenant that is struggling to make ends meet.

We also believe that if mediation is to occur to resolve disputes that it be conducted by trained professionals to ensure that the process is conducted efficiently and effectively for all parties. Finally, we are supportive of the sunset date of June 30, 2025 in this measure in order to be able to evaluate its impact.

We respectfully request an effective date of November 1st, to allow our organization time to update our Rental Agreement Standard Form and to educate our members on the required changes. November is the timing for the next batch of updates for all of our Standard Forms which are utilized by the entire industry.

Thank you for your consideration of our comments. Mahalo for the opportunity to testify.

TESTIMONY IN SUPPORT OF SB 393 –
RELATING TO RESIDENTIAL LANDLORD-TENANT CODE

House Committee on Consumer Protection & Commerce – Room 329 & Videoconference

Representative Mark M. Nakashima, Chair
Representative Jackson D. Sayama, Vice Chair

Tuesday, March 21, 2023 at 2:00 p.m.

The Legal Aid Society of Hawai'i (Legal Aid) submits testimony in support of SB 393 – Relating to Landlord-Tenant Code. For Legal Aid, this testimony is submitted by Nicholas J. Severson, 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. Legal Aid's focus in rental housing is advocating for the interests of tenants. We have extensive experience with the challenges Hawaii's low-income population faces in finding, leasing, and maintaining their rental housing, more than any other law firm in the State.

Renters in the state of Hawaii experience increasing cost of living, inflation, and a continually tightening rental market. These pressures leave many at a crossroads, requiring difficult financial decisions that have lasting impacts for individuals and families alike. Often times, something that could be worked out directly between landlord and tenant escalates with court action, damaging the relationship and essentially guaranteeing that at least one party ends up with a resolution they are unhappy with.

Act 57's extended notice and mediation requirements were nothing short of a great success. Our organization frequently assisted tenants through the mediation process, regularly achieving mediated settlements. Both landlord and tenant seemingly appreciated the ability to be heard and, perhaps more importantly, control their own destiny without further court intervention.

SB393 provides an opportunity to build on the success of Act 57 and encourages landlords and tenants to drive outcomes that work for both parties. This is a worthy and commendable goal that should be welcomed by those on both sides of the landlord-tenant relationship.

Thank you for this opportunity to provide testimony. Legal Aid supports SB 393. We will be available to testify at the Tuesday, March 21, 2023 meeting.

Sincerely,

/s/ Nicholas J. Severson

Nicholas J. Severson
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 2022 provided legal assistance to over 8,200 Hawai'i residents in the areas of consumer fraud, public assistance, family law, the prevention of homelessness, employment, protection from domestic violence, and immigration. Legal Aid further had over 3,400 cases that addressed stabilizing families and preserving housing. Our mission is to achieve fairness and justice through legal advocacy, outreach, and education for those in need.



CATHOLIC CHARITIES HAWAII

**TESTIMONY IN SUPPORT OF SB 393 SD1 HD1:
RELATING TO THE LANDLORD TENANT CODE**

TO: House Committees on Consumer Protection and Commerce
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
Hearing: **Tuesday, 3/21/23; 2:00 PM; CR 329 & via videoconference**

Chair Nakashima, Vice Chair Sayama, and Members, Committee on Consumer Protection and Commerce:

Thank you for the opportunity to provide testimony **in Support of HB 393 SD1 HD1**, which establishes and funds a pre-litigation mediation pilot program and an emergency relief program for tenants in this mediation pilot. 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.

To effectively end homelessness, Hawai'i must focus on prevention. Currently, many people who are experiencing homelessness are successfully placed into permanent housing. However, it may seem as if nothing is being done since more families, elders, and individuals fall into homelessness, replacing those who have been housed. Families who are evicted are at high risk for homelessness. Historically, Hawai'i has had about 2,500 evictions filed with the courts each year. The eviction prevention programs developed during the pandemic with even higher risk for evictions, demonstrated that these programs can work to keep tenants housed. This bill would create win-win situations for both tenants to preserve housing and landlord to obtain rent.

Hawai'i's people depend on all of us to continue to pay attention to the high personal and systems costs for evictions, now that the pandemic is subsiding. The trauma to tenants and landlords is great. The community costs are great. An estimated \$30 million in public and emergency services are needed due to evictions. Let's close the spigot and reduce the flow of families into homelessness.

Catholic Charities Hawai'i supports **amendments to increase the total program funding to cover program administration, outreach and navigation services, as well as increasing the cap on rent relief to \$8,000 per household**. Outreach and support services are key to future stability for these at-risk tenants. Outreach could reach tenants before they dig such a deep hole for rent that it may be difficult to resolve. Financial counseling and navigation services are the missing piece to help these tenants become more financially stable while they receive a few months of rent relief. The goal would be long-term sustainability.

Please pass this bill with amendments that strengthen both tenants and landlords. Please contact our Legislative Liaison, Betty Lou Larson at (808) 527-4813, if you have any questions.



Hearing Date: Tuesday, March 21, 2023, at 2:00PM, Conf. Rm. 329 and via Videoconference
House Committee on Consumer Protection & Commerce
Submitted by **The Mediation Center of the Pacific, Inc.**
S.B. 393 SD1, HD1 - Relating to the Landlord-Tenant Code

Dear Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection and Commerce:

The Mediation Center of the Pacific is submitting testimony in STRONG SUPPORT OF SB393, which establishes and funds a pre-litigation mediation pilot program and supplementary emergency rent relief program. We also provide suggested amendments to strengthen the legislation. Since the beginning of the COVID-19 pandemic in early 2020, Hawai'i established a temporary emergency rental assistance and landlord-tenant mediation program to prevent evictions and slow the spread of the COVID-19 virus. Combined, these programs have kept tens of thousands of families stably housed during the pandemic. SB393 will help build a bridge towards more permanent rental assistance and mediations programs in the future.

Even as the health threats of the pandemic subside, rent assistance remains a critical component to ensuring housing stability and preventing evictions. According to recent research by Hawai'i Appleseed Center for Law and Economic Justice, there are an estimated 2,500 evictions filed each year across the state. Evictions are harmful to our housing ecosystem and the landlords who rely on rent payments and consistent tenants. Evictions are especially harmful to the individual or family losing their home and in severe cases can lead to homelessness. The cost of eviction on individuals and households include, but is not limited to: interrupted employment and school leading to a loss of wages; negative health impacts, such as anxiety and depression, and; impaired legal records which make it harder to find future housing.

Evictions also create large public costs. According to estimates provided by the "Eviction Cost Calculator", developed by Innovation for Justice, a social justice-focused legal innovation lab housed at both Arizona Law and University of Utah School of Business, Hawai'i's estimated 2,500 annual evictions led to over \$30 million in public costs. These costs result from the increased need for emergency shelters, in-patient care emergency room at hospitals, and foster care and juvenile detention. According to research by Hawai'i Appleseed Center for Law and Economic Justice, for every tax dollar spent on rental assistance and landlord-tenant mediation programs, the public saves six dollars on homeless services.

Recommendations to Strengthen SB393

Based on research completed by the Hawai'i Appleseed Center for Law and Economic Justice and the Urban Institute, SB393 could be strengthened through the following amendments:

- **Reduce costly barriers to the administration of the rent relief funds by eliminating the requirement that households receiving rent relief have incomes below 80 percent of area median income.** Because only households threatened with eviction and participating in mediation are eligible to receive rent relief, the program naturally targets low-income households in need of assistance. Onerous documentation requirements to prove income were problematic when administering pandemic rent relief programs, and we should avoid repeating the same mistake.
- **Increase total program funding to at least \$14.378 million, appropriating \$3.128 million to support program administration, outreach, and navigation services.** This amount would cover emergency rent assistance providers and mediation centers' administration, staff and outreach costs.

- **Cap the total amount of rent relief available to a household at \$8,000** – \$5,000 to cover arrears, plus six-monthly payments of \$500 to cover future rent.

Establishing a rental assistance and landlord-tenant mediation program is a necessary step to reduce the social and financial harm caused by evictions. Please PASS **SB393 SD1 HD1**, and consider the suggestions above, to help prevent evictions and keep our island residents housed.

Mahalo for the opportunity to testify.

Tracey S. Wiltgen

The Mediation Center of the Pacific, Inc.



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Testimony to the House Committee on Consumer Protection & Commerce
Tuesday, March 21, 2023, 2:00 p.m.
Conference Room 329 & Videoconference

RE: Support of SB 393 SD1, HD1, Relating to the Landlord-Tenant Code

Dear Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection & Commerce:

As a local non-profit organization, we **strongly encourage you to support SB 393 SD1, HD1**, which will promote housing stability by establishing a free landlord/tenant pre-litigation mediation diversion program and creating an emergency rent relief program available to participants in pre-litigation mediation to provide resources that will help avoid eviction and maintain stable tenancies.

To increase the impact of SB 393 SD1, HD1, we support the following amendments:

- **Reduce costly barriers to the administration of the rent relief funds by eliminating the requirement that households receiving rent relief have incomes below 80 percent of area median income.** Because only households threatened with eviction and participating in mediation are eligible to receive rent relief, the program naturally targets low-income households in need of assistance. Onerous documentation requirements to prove income were problematic when administering pandemic rent relief programs, and we should avoid repeating the same mistake.
- **Increase total program funding to at least \$14.378 million, appropriating \$3.128 million to support program administration, outreach, and navigation services.** This amount would cover emergency rent assistance providers and mediation centers' administration, staff, and outreach costs.
- **Cap the total amount of rent relief available to a household at \$8,000:** \$5,000 to cover arrears plus \$3,000 in six-monthly payments of \$500 each to cover future rent. *(Based on research completed by the Hawai'i Appleseed Center for Law and Economic Justice and the Urban Institute)*

Because of the COVID pandemic, Hawai'i established a temporary Emergency Rental Assistance Program (ERAP) and a one-year Act 57 Landlord Tenant Eviction Mediation Program to slow the spread of COVID and prevent a "tsunami" of evictions. Combined, these two programs successfully kept tens of thousands of families across the state stably housed during the pandemic. SB 393 SD1, HD1 will help build a bridge towards more permanent rental assistance and mediation programs in the future.

According to recent research by Hawai'i Appleseed Center for Law and Economic Justice, an estimated 2,500 evictions are filed each year across the state. Evictions are harmful to our

a partner agency of the



Ku'ikahi Mediation Center is a 501(c)(3) nonprofit organization, donations to which are tax-deductible. We welcome your support!



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Kaitlyn Lacombe

housing ecosystem and the landlords who rely on rent payments and consistent tenants. Evictions are especially harmful to the individual or family losing their home and can lead to homelessness. The cost of eviction on individuals and households includes, but is not limited to: interrupted employment and schooling leading to a loss of wages; negative health impacts, such as anxiety and depression; and impaired legal records and credit histories which make it harder to find future housing.

According to estimates provided by the "Eviction Cost Calculator," developed by Innovation for Justice, a social justice-focused legal innovation lab housed at both Arizona Law and University of Utah School of Business, Hawai'i's estimated 2,500 annual evictions led to over \$30 million in public costs. These costs result from the increased need for emergency shelters, in-patient care emergency room at hospitals, and foster care and juvenile detention. According to research by Hawai'i Appleseed Center, for every tax dollar spent on rental assistance and landlord/tenant mediation programs, the public saves six dollars on homeless services.

In the County of Hawai'i, Ku'ikahi Mediation Center (KMC) and West Hawai'i Mediation (WHMC), worked jointly on the Act 57 Statewide Landlord Tenant Eviction Mediation Program during the period of August 7, 2021 to August 6, 2022. The legislature's passage of Act 57 and the availability of rental assistance were both crucial to this program's success.

Of the 285 Act 57 landlord/tenant cases received via 15-day eviction notices by KMC and WHMC, 53% mediated. Of the cases that mediated, 79% were resolved and 21% were not resolved. Of the cases that did not mediate, 72% conciliated or settled prior to mediation (largely due to the receipt of rental assistance), 22% had tenants chose not to mediate, and 6% were closed for other reasons (e.g., unable to reach tenant). Thus, 76% of all 285 Act 57 landlord/tenant cases were successfully resolved, either through mediated agreements or conciliations and settlements prior to mediation.

Establishing a new statewide landlord/tenant mediation program that includes rental assistance is crucial step to reduce the social and financial harm caused by evictions.

We strongly urge you to pass this legislation and consider the suggested amendments listed above. Thank you for reading this testimony.

Mahalo,

Julie Mitchell
Executive Director

a partner agency of the



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Testimony to the House Committee on Consumer Protection & Commerce

Tuesday, March 21, 2023, 2:00 pm

Conf. Rm. 329 and via Videoconference

Re: SB 393 SD1, HD1, Relating to the Landlord-Tenant Code

Dear Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection and Commerce,

We are in **strong support** of SB 393, which establishes and funds a pre-litigation mediation pilot program and supplementary emergency rent relief program. We also provide suggested amendments to strengthen the legislation.

Hawai'i residents are still struggling with housing instability, and SB 393 would a critical role in reducing evictions — and the social and financial harm they cause. Additionally, for every dollar spent on mediation and emergency rent assistance programs, **Hawai'i taxpayers could save an estimated \$6** on homeless services, according to the Hawai'i Appleseed Center for Law and Economic Justice.

Family Promise of Hawai'i is a nonprofit working to prevent and end homelessness for families with children. We see every day how housing instability impacts children and their families. Evictions and homelessness are traumatic experiences that interrupt children's access to school, affect their physical and mental health, and impair their families' ability to find housing again in the future.

Over the past few years, temporary rent relief and landlord-tenant mediation programs have kept tens of thousands of families housed. Sadly, many households — including families with children — are still struggling to stay afloat economically. As recently as November 2022, 41% of households with children in Hawai'i had difficulty paying for their usual household expenses, such as rent¹.

We have seen firsthand the transformative effect of emergency rent relief. In 2020, we partnered with Catholic Charities Hawai'i to administer the state's Rent Relief and Housing Assistance Program. Between 2021–2022, we partnered with the City and County of Honolulu and other service providers to run the O'ahu Housing Now rental assistance program.

The program established by SB 393 builds on proven models from the past few years. Act 57 (2021), which created a temporary landlord-tenant mediation procedure, was successful in often averting eviction and its downstream effects. An October 2022 study by Hawai'i Appleseed found that “of the mediated settlement agreements reviewed for the study, 85 percent of Act 57 cases resulted in the

¹ Annie E. Casey KIDS COUNT Data Center: <https://datacenter.kidscount.org/data/tables/10896-households-with-children-that-had-difficulty-paying-for-usual-household-expenses-in-the-past-week?loc=13&loct=2#detailed/2/13/false/2502,2484,2480,2476,2472,2465,2458,2463,2448,2418/any/21185>

tenant remaining in their home, which only occurred 11 percent of the time in the pre-COVID summary possession settlements.”²

Based on research completed by Hawai‘i Appleseed and the Urban Institute, SB 393 could be strengthened through the following amendments:

- **Reduce costly barriers to the administration of the rent relief funds** by eliminating the requirement that households receiving rent relief have incomes below 80 percent of area median income. Because only households threatened with eviction and participating in mediation are eligible to receive rent relief, the program naturally targets low-income households in need of assistance. Onerous documentation requirements to prove income were problematic when administering pandemic rent relief programs, and we should avoid repeating the same mistake.
- **Increase total program funding to at least \$14.378 million**, appropriating \$3.128 million to support program administration, outreach, and navigation services. This amount would cover emergency rent assistance providers and mediation centers’ administration, staff, and outreach costs.
- **Cap the total amount of rent relief available to a household at \$8,000**: \$5,000 to cover arrears, plus six monthly payments of \$500 to cover future rent.

Please pass SB 393 to help prevent evictions and keep children and families housed. Thank you for the opportunity to submit this written testimony.

Mahalo,



Ryan Catalani
Executive Director

² Hawai‘i Appleseed Center for Law and Economic Justice: <https://hiappleseed.org/publications/eviction-prevention-mediation-hawaii>



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for S.B. 393 SD1, HD1 – Relating to Eviction Mediation
House Committee on Consumer Protection & Commerce
Tuesday, March 21, 2023, at 2:00PM, Conf. Rm. 329 and via Videoconference

Dear Chair Nakashima, Vice Chair Sayama, and members of the Committee on Consumer Protection and Commerce:

Thank you for the opportunity to express our **STRONG SUPPORT for S.B. 393 SD1, HD1**, which will establish a pre-litigation mediation and rent relief program that has the potential to help prevent thousands of evictions. We also offer suggested amendments to ensure that the rent relief program created by this bill will have the greatest possible impact.

Everyone benefits from housing stability. Around 2,500 evictions are filed every year in Hawai'i. Evictions are harmful to the landlords who rely on rent payments, to the tenants who lose their homes, and to our community—which incurs an estimated \$30 million in costs for public and emergency services needed as a result of evictions. **We estimate that for every tax dollar spent on rental assistance and landlord-tenant mediation programs, the public saves six dollars on homeless services.**¹

S.B. 393 SD1, HD1 is patterned off emergency rent relief and pre-litigation mediation (Act 57) programs created by the Hawai'i legislature in response to the pandemic—some of the most effective programs in the nation for preserving housing stability. Having both tools available for landlords and tenants who went through mediation resulted in 87 percent of eviction cases settling, compared to the norm of 47 percent. Most importantly, 85 percent of settlements resulted in tenants remaining in the home, relative to the more typical 11 percent rate pre-Act 57.

The rent relief & pre-litigation mediation programs Hawai'i put into place during the pandemic taught us important lessons:

- Rent relief and pre-litigation mediation are each helpful, but most powerful when combined.
- Keep it simple. Securing rent relief was challenging for many tenants and landlords because of onerous documentation requirements to show that tenants qualified. As a result, some households that needed assistance weren't able to access it, and administration of the program was more time-consuming and costly than it needed to be.
- Outreach and support services are key. Tenants who are intimidated by the prospect of eviction, or hopeless about their situation, need additional assurances that the pre-litigation mediation and rent relief options available to them are an effective way to preserve their housing. Tenants will often need

¹ According to estimates generated by the "Eviction Cost Calculator" (<https://law.arizona.edu/eviction-calculator>), developed by Innovation for Justice, a social justice-focused legal innovation lab housed at both Arizona Law and University of Utah School of Business, Hawai'i's estimated 2,500 annual evictions led to over \$30 million in public costs. These costs result from the increased need for emergency shelters, in-patient care emergency room at hospitals, and foster care and juvenile detention.

time and support getting back on track to housing stability.

How Rent Relief & Pre-Litigation Mediation Under S.B. 393 SD1, HD1 Will Work

S.B. 393 SD1, HD1 incorporates the lessons learned from the pandemic into a streamlined rent relief & mediation program. Under the program, before an eviction for non-payment of rent can be filed with the court, the tenant must be offered pre-litigation mediation. Participants in pre-litigation mediation will have exclusive access to a rent relief fund that can be used to help pay arrears and provide a shallow rent subsidy of \$500 a month for a few months, buying the tenant time to get back to a more stable financial situation.

The benefits of this approach include the following:

- Limiting the rent relief to a relatively low amount (e.g., \$5,000 to \$8,000) mitigates the need for income qualifications and the corresponding onerous documentation requirements. Not only are the households that face eviction typically lower-income, people with high-cost rentals are unlikely to be able to use the subsidy to preserve high cost housing because the amount they could receive is limited.
- Making rent relief available only to pre-litigation mediation participants:
 - Stretches the dollars committed to rent relief by making it a program of last resort;
 - Helps mitigate the potential of cannibalizing funding from federally-subsidized rent relief programs that are harder to qualify for and access; and
 - Mitigates the likelihood of fraud in the program. The requirement that people show up in person or via video-conference and engage in mediation make it far less likely that people will be able to take unfair advantage of the program.

Recommendations to Strengthen S.B. 393 SD1, HD1

Based on our research of the pandemic rent relief and mediation programs, supported by the Urban Institute,² we make the following recommendations:

- **Reduce costly barriers to the rent relief getting to the households that need it by removing the 80 percent of area median income requirement.** This program targets low-income households and households in need of assistance because it is limited solely to households under immediate threat of eviction—households that are predominately low income. A requirement that a household earn under 80 percent of the area median income is unlikely to significantly impact who is eligible for rent relief, but documenting that their income meets this requirement will create a significant barrier to getting rent relief to households that needed it when they need it, and it will make it more costly to administer the program—a lesson learned from the pandemic programs.
- **Allocate sufficient resources for administration of the rent relief, mediation, outreach, navigation services and data collection, totaling \$14.378 million for each year of the program.**

The bill currently contemplates capping the annual amount of rent relief distributed to \$11.25 million, which could cover up to 2,250 households (out of the 2,500 that typically face eviction each year),

² *Eviction Prevention Through Hawai'i's Tenant-Landlord Mediation Program*, Hawai'i Appleseed, Oct. 2022 (available at <https://hiappleseed.org/publications/eviction-prevention-mediation-hawai'i>).

with an average payout of \$5,000.

We recommend allocating \$1.438 million for mediation services, which were so critical to the program's success (the amount requested would provide an average of \$575 for each of the estimated 2,500 mediation files to be opened, and is based on costs associated with running the program during the pandemic).

We also recommend allocating \$1.725 million for administering the rent relief program. Even a streamlined program carries some administration costs. It is important to include in those costs funding for outreach and navigation services. Outreach ensures tenants fully understand and make use of the opportunity mediation and rent relief present for preserving their housing. Navigators help tenants walk through what can be a daunting process, and they can connect tenants with resources that help them achieve long-term financial sustainability. Assuming 2,250 households receive rent relief, \$1.725 million would provide close to \$770 per household for administration, outreach, and navigation services.

- **Increase the cap on the total amount of rent relief available to a household at \$8,000—up to \$5,000 for arrears plus up to \$3,000 for an ongoing shallow rent subsidy of \$500 per month for six months.** These figures are based on average distributions of pandemic rent relief that ranged between \$2,250 and \$6,000 depending on the program and county.

\$5,000 of available rent relief should assist a household of four with nearly two months of back rent, covering enough of the arrears that a tenant is likely to be able to remain an ongoing tenant. Having a shallow rent subsidy of \$500 for six months is key to give the tenant time to get back on track financially or explore other options.

Increasing the cap any one household can receive can provide flexibility for when a higher amount for arrearage and future payments is necessary, but because most households will likely receive less than the full amount, increasing the per household cap need not increase the total cost of the program.

Establishing a rental assistance and landlord-tenant mediation program is a necessary step to reduce the social and financial harm caused by evictions. Please **PASS S.B. 393 SD1, HD1**, and consider the suggestions above, to help prevent evictions and keep our island residents housed.

Mahalo for the opportunity to testify.