
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 to meet both the security
7 deposit requirement and the first month's rent because their
8 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 to guarantee or pay both the security deposit and the
12 first month's rent for struggling low income residents will help
13 the State's poor in obtaining adequate and stable permanent
14 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 nonprofit agencies
8 pursuant to chapter 103F for the administration of the program.

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

18 (d) Prospective tenants who are eligible to participate in
19 the rental deposit loan program shall be limited to low income
20 individuals, families, the elderly, and homeless individuals who
21 are residing in substandard or shared housing, an emergency
22 shelter or transitional housing operated by a nonprofit



1 corporation, or to families who are temporarily residing in a
2 park, car, or are otherwise without adequate shelter.

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

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

11 (2) A verification of income and that the person or family
12 can reasonably make the monthly rental payment but
13 does not have the financial resources to make the
14 rental security deposit, first month's rent, or both.

15 (f) A three-party contract shall be required of persons
16 participating in the rental deposit loan program. The parties
17 to the contract shall be the nonprofit corporation operating the
18 program on behalf of the corporation, the tenant, and the rental
19 property owner or the owner's agent. The contract shall include
20 but is not limited to the following terms:

21 (1) Agreement by the rental property owner, or owner's
22 agent, to accept the security deposit and first



1 month's rent from the corporation's contracted vendor
2 on behalf of the family or individual who will occupy
3 the premise;

4 (2) Upon execution of the agreement, the corporation's
5 contracted vendor shall encumber or reserve funds
6 through the program;

7 (3) Agreement by the tenant to a payment schedule of a
8 specific number of months not to exceed twenty-four
9 months, at which time the deposit held by the owner or
10 owner's agent would be returned directly to the tenant
11 upon vacating the premise;

12 (4) At any time during the term of the lease agreement,
13 any claims made by the owner or owner's agent against
14 the tenant shall only be against the tenant and not
15 against the corporation's contracted vendor; and

16 (5) If a deduction from the security deposit is required,
17 the deduction shall be taken only to the extent
18 permitted by the contract and in the manner provided
19 by law, including notice to the legal agency or
20 organization. The tenant shall have no direct use of
21 security deposit funds during the term of the
22 repayment agreement.



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

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

10 (i) The staff of the grant recipient shall be responsible
11 for soliciting housing opportunities for low income and homeless
12 families and persons, coordinating with local low income rental
13 property owners, making determinations regarding the eligibility
14 of prospective tenants for the program, and providing
15 information to prospective tenants on the tenant-property owner
16 relationship, appropriate treatment of property, and the
17 importance of timely rental payments. The staff of the grant
18 recipient assigned to administer the program shall be reasonably
19 available to property owners and tenants to answer questions or
20 complaints about the program.

21 Grant recipients shall work closely and coordinate with
22 homeless services provider organizations.



1 (j) Grant recipients shall keep statistical records on
2 families and individuals served and provide reports quarterly to
3 the corporation."

4 SECTION 3. There is appropriated out of the general
5 revenues of the State of Hawaii the sum of \$5,000,000 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 Hawaii
11 housing finance and development corporation for the purposes of
12 this Act.

13 SECTION 4. New statutory material is underscored.

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



Report Title:

Housing; 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. (SD1)

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