THE SENATE THIRTY-SECOND LEGISLATURE, 2023 STATE OF HAWAII S.B. NO. 363

JAN 2 0 2023

#### 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 according to the 2 Urban Institute, homeownership is currently the single largest 3 source of wealth building. The legislature further finds that 4 for renters, rental payments are often their single largest 5 credit or contractual obligation. Reporting rental payments is 6 a method for individuals to generate and build credit without 7 taking on additional debt and allows renters to build credit in 8 much the same way that homeowners build credit through the 9 reporting of mortgage payments.

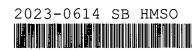
10 Therefore, the purpose of this Act is to establish a rent 11 reporting for credit pilot program within the Hawaii housing 12 finance and development corporation, through which participant 13 tenants may elect to have their rent payment information 14 reported by participant landlords to consumer reporting 15 agencies, thereby generating and building credit.



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1	SECT	ION 2. (a) There is established within the Hawaii
2	housing f	inance and development corporation the rent reporting
3	for credi	t pilot program.
4	(b)	The pilot program shall facilitate the reporting of
5	participa	nt tenants' rent payment information to consumer
6	reporting	agencies.
7	(c)	On or before October 1, 2023, the corporation shall
8	contract	with a third party to administer the pilot program.
9	The contr	actor shall administer the pilot program in accordance
10	with this	Act and any rules adopted by the corporation pursuant
11	to chapte	r 91, Hawaii Revised Statutes.
12	(d)	Effective October 15, 2023, the contractor, in
13	consultat	ion with the corporation:
14	(1)	Shall recruit no more than ten participant landlords;
15		and
16	(2)	Shall attempt, to the greatest extent practicable, to
17		include a total of at least one hundred participant
18		tenants, with an emphasis on selecting:
19		(A) Participant tenants from populations who are
20		underserved and underrepresented in home
21		ownership; and



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1		(B) per cent of participant tenants whose	
2		incomes do not exceed sixty per cent of the area	
3		median income of the applicable county, as	
4		determined by the United States Department of	
5		Housing and Urban Development.	
6	(e)	To the greatest extent practicable, the contractor	
7	shall rec	cruit participant landlords who offer:	
8	(1)	A variety of types of dwelling units for rent,	
9		including dwelling units of various sizes; and	
10	(2)	At least five dwelling units for rent.	
11	(f)	To become a participant landlord, a landlord shall	
12	agree in	writing:	
13	(1)	To participate in the pilot program for at least	
14		fourteen months; provided that the corporation shall	
15		not require a landlord to report a participant	
16		tenant's rent payment information under the pilot	
17		program after April 1, 2026;	
18	(2)	Not to charge a participant tenant for participating	
19		in the pilot program;	



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To comply with this Act and any rules adopted by the 1 (3) corporation pursuant to chapter 91, Hawaii Revised 2 3 Statutes; and To provide information, to the extent practicable, to 4 (4) 5 the corporation and the contractor concerning the implementation of the pilot program, including for the 6 7 report required by subsection (m). The contractor may work with statewide or national 8 (q) associations of landlords to identify potential participant 9 10 landlords. The contractor shall support and work with landlords 11 (h) 12 to recruit tenants to participate in the pilot program. 13 A participant tenant shall: (i) Agree in writing to participate in the pilot program 14 (1)15 and complete a financial education course; and Provide evidence of completion of the financial 16 (2) education course before the participant tenant may 17 request a participant landlord to report the 18 19 participant tenant's rent payment information. Effective October 15, 2023, the contractor shall: 20 (j)



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(1) Provide education to participant landlords and
 potential participant landlords concerning the
 requirements of participation in the pilot program;
 and

5 (2) Provide information to participant landlords to help
6 recruit participant tenants, including, at a minimum,
7 information concerning how to participate in the pilot
8 program and the list of approved financial education
9 courses established pursuant to rules adopted by the
10 corporation pursuant to chapter 91, Hawaii Revised
11 Statutes.

(k) Participant landlords who satisfy the requirements of subsection (f) may be eligible to receive compensation for their participation in the pilot program. Such compensation shall be paid by the corporation in accordance with rules adopted by the corporation pursuant to chapter 91, Hawaii Revised Statutes.

17 (1) On or before October 1, 2023, the corporation shall
18 adopt rules for the implementation of the pilot program. At a
19 minimum, the rules shall:

20 (1) Include a list of approved financial education courses
21 that tenants may complete in order to participate in



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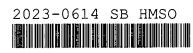
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1		the pilot program, including online classes sorted by
2		location and, to the greatest extent practicable,
3		addresses, telephone numbers, websites, and other
4		contact information;
5	(2)	Ensure that each participant landlord reports only
6		rent payment information concerning a participant
7		tenant's payment or nonpayment of rent after the date
8		upon which the participant tenant elected to
9		participate in the pilot program;
10	(3)	Establish amounts, schedules, and other terms of
11		compensation for participant landlords pursuant to
12		subsection (k); and
13	(4)	Establish a standard form for participant tenants to
14		use to elect to participate or cease participating in
15		the pilot program; provided that the standard form may
16		be in electronic format and shall include:
17		(A) A statement that the participant tenant's
18		participation in the pilot program is voluntary
19		and that a participant tenant may cease
20		participating in the pilot program at any time



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1		and for any reason by providing written notice to
2		the participant tenant's participant landlord;
3	(B)	A statement that all of the participant tenant's
4		rent payments may be reported, regardless of
5		whether the payments are timely, late, or missed,
6		and that reporting may commence within thirty
7		days after the participant tenant elects to
8		participate in the pilot program;
9	(C)	A statement that if the participant tenant elects
10		to cease participating in the pilot program, the
11		participant tenant may not resume participating
12		in the pilot program at a later date;
13	(D)	Instructions describing how a participant tenant
14		can elect to cease participating in the pilot
15		program; and
16	(E)	A signature block where the participant tenant
17		may sign and date the form.
18	(m) At le	east twenty days prior to the convening of the
19	regular sessio	n of 2028, the corporation, in consultation with
20	the contractor	, shall submit to the governor and legislature a
21	report concern	ing the pilot program.



1	The	report shall include, at a minimum:
2	(1)	The number of participant landlords, including an
3		indication as to whether more than ten landlords
4		expressed an interest in participating in the pilot
5		program;
6	(2)	The number of participant tenants, including the
7		number of participant tenants who ceased participating
8		in the pilot program;
9	(3)	The demographic information of participant tenants,
10		including their race, ethnicity, gender, income, and
11		age, as may be voluntarily provided by participant
12		tenants;
13	(4)	The cost of administering the pilot program;
14	(5)	The number of residential properties offered by each
15		landlord;
16	(6)	For each participant landlord:
17		(A) The nature of the reporting mechanism used to
18		report participant tenants' rent payment
19		information to consumer reporting agencies; and
20		(B) The county in which each property offered by the
21		participant landlord is located;



1	(7)	Any challenges faced by participant landlords and
2		participant tenants during the pilot program;
3	(8)	A brief assessment of how the pilot program, in
4		aggregate, positively or negatively affected
5		participating tenants' credit; and
6	(9)	Any recommendations of the corporation concerning the
7		continuation or repeal of the pilot program.
8	The	corporation shall make the report publicly available on
9	its websi	te.
10	(n)	As used in this Act:
11	"Con	sumer reporting agency" has the same meaning as in
12	title 15	United States Code section 1681a(f).
13	"Con	tractor" means the contractor with which the
14	corporati	on contracts to administer the pilot program.
15	"Cor	poration" means the Hawaii housing finance and
16	developme	nt corporation.
17	"Dwe	lling unit" means a building or portion thereof
18	designed	or used exclusively for residential occupancy and
19	having al.	l necessary facilities for permanent residency such as
20	living, s.	leeping, cooking, eating, and sanitation.



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"Financial education course" means an educational course
that provides information about the importance of building and
maintaining good credit, including a course offered by or
through a financial institution, a nonprofit organization, the
corporation, a state agency, a county agency, or third party
under contract with any such entity.

7 "Landlord" means the owner, lessor, sublessor, assigns, or 8 successors in interest of the dwelling unit or the building of 9 which it is a part. "Landlord" includes any agent of the 10 landlord.

II "Participant landlord" means a landlord who has agreed in II writing to participate in the pilot program and has satisfied II the requirements of subsection (f).

14 "Participant tenant" means a tenant who has elected to 15 participate in the pilot program and satisfied the requirements 16 of subsection (i) and whose landlord is a participant landlord. 17 "Pilot program" means the rent reporting for credit pilot 18 program.

19 "Rent payment information" means information concerning a 20 tenant's timely payment of rent, untimely payment of rent, or 21 nonpayment of rent. "Rent payment information" does not include



1 information concerning a tenant's payment or nonpayment of any 2 fees.

3 "Tenant" means any person who occupies a dwelling unit for4 dwelling purposes under a rental agreement.

5 (o) The pilot program shall cease to exist on June 30,6 2027.

SECTION 3. There is appropriated out of the general
revenues of the State of Hawaii the sum of \$ or so
much thereof as may be necessary for fiscal year 2023-2024 and
the same sum or so much thereof as may be necessary for fiscal
year 2024-2025 for the rent reporting for credit pilot program
established pursuant to section 2 of this Act.

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

16 SECTION 4. This Act shall take effect on July 1, 2023.

INTRODUCED BY: 455



#### Report Title:

Rent Reporting for Credit Pilot Program; Hawaii Housing Finance and Development Corporation; Rent Payment Information; Landlords; Tenants; Appropriation

#### Description:

Establishes the rent reporting for credit pilot program within the Hawaii housing finance and development corporation, whereby which participant tenants may elect to have their rent payment information reported by participant landlords to consumer reporting agencies to generate and build credit. Requires a report to governor and legislature. Appropriates funds. Sunsets 6/30/2027.

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

