# A BILL FOR AN ACT

RELATING TO THE LANDLORD-TENANT CODE.

#### BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1

#### PART I

2 SECTION 1. The legislature finds that many Hawaii residents continue to face challenges in paying their rent and 3 4 face eviction. Act 57, Session Laws of Hawaii 2021 (Act 57), 5 encouraged communication and facilitated mediation between 6 landlords and tenants to help reduce summary possession cases. Research indicates that the mediation procedures created by Act 7 57 were widely successful in substantially increasing the number 8 9 of disputes that were settled in mediation without any summary possession case being filed and the number of settlements in 10 11 which the parties agreed that the tenant could continue to 12 reside in the dwelling unit. However, the amendments made to 13 the landlord-tenant code by Act 57 have been repealed.

14 The legislature further finds that the availability of 15 rental relief is a key factor to ensuring housing stability and 16 that combining rent relief with a robust pre-litigation 17 mediation process is likely to lead to significantly better

# 2023-2815 SB393 HD2 HMSO

1	outcomes	than	mediation that starts only after litigation is
2	filed or	rent	relief alone.
3	Acco	rding	ly, the purpose of this Act is to:
4	(1)	Crea	te a pilot program that adopts the most effective
5		prov	isions of Act 57 that:
6		(A)	Extends the period for a notice of termination of
7			the rental agreement from five business days to
8			ten calendar days;
9		(B)	Requires landlords to engage in mediation and
10			delay filing an action for summary possession if
11			a tenant schedules or attempts to schedule a
12			mediation; and
13		(C)	Requires landlords to provide specific
14			information in the ten-calendar-day notice to
15			tenants, which shall also be provided to a
16			mediation center that offers free mediation for
17			residential landlord-tenant disputes; and
18	(2)	Crea	te an emergency rent relief program available to
19		part	icipants in pre-litigation mediation to provide
20		reso	urces that will help tenants avoid eviction and
21		main	tain stable tenancies.

# 2023-2815 SB393 HD2 HMSO

Page 3

#### **S.B. NO.** <sup>393</sup> S.D. 1 H.D. 2

SECTION 2. Section 521-68, Hawaii Revised Statutes, is 1 2 amended to read as follows: 3 "§521-68 Landlord's remedies for failure by tenant to pay 4 rent[-]; pre-litigation mediation. (a) A landlord or the 5 landlord's agent may, any time after rent is due, demand payment 6 thereof and notify the tenant in writing that unless payment is 7 made within a time mentioned in the notice  $[\frac{1}{7} - not]$  as provided in 8 subsection (b), no less than [five business] ten calendar days 9 after receipt thereof, the rental agreement will be terminated. 10 [If the tenant cannot be served with notice as required, notice] 11 Notice may be given to the tenant by posting the same in a 12 conspicuous place on the dwelling unit [-,], and the notice shall 13 be deemed received on the date of the posting. If the notice is 14 mailed to the tenant via the United States Postal Service, properly addressed and with appropriate postage, the notice 15 16 shall be deemed to have been received two business days after 17 date of postmark, unless the letter is returned to the landlord 18 as undeliverable. If the tenant remains in default  $[\tau]$  after the 19 expiration of the time stated in the notice, the landlord may 20 thereafter bring a summary proceeding for possession of the 21 dwelling unit or any other proper proceeding, action, or suit

2023-2815 SB393 HD2 HMSO

1	for posse	ession $[-,]$ , subject to subsections (b) through (i). The
2	<u>notice re</u>	equired by this section need not be given if the action
3	is based	on the breach of a mediated agreement or other
4	settlemen	t agreement or is for a summary possession proceeding
5	based on	matters other than non-payment of rent. If the summary
6	possessic	on action is based on the breach of a settlement
7	agreement	or mediated agreement, the court shall not require any
8	<u>further</u> m	ediation prior to trial.
9	(b)	The ten-calendar-day notice shall provide the
10	following	<u>:</u>
11	(1)	The name of the landlord or the landlord's agent and
12		the landlord's or landlord's agent's contact
13		information, including, if possible, phone number,
14		electronic mail address, and mailing address;
15	(2)	The address of the dwelling unit subject to the rental
16		agreement;
17	(3)	The name and contact information of all tenants listed
18		on the rental agreement, including phone number and,
19		if possible, electronic mail address, and mailing
20		address;

2023-2815 SB393 HD2 HMS0

1	(4)	The current amount of the rent due as of the date of
2		the notice, after applying all rent paid from all
3		sources;
4	(5)	That a copy of the ten-calendar-day notice being
5		provided to the tenant is also being provided to the
6		mediation center on the island on which the dwelling
7		unit of the tenant is located and, in accordance with
8		subsection (c), in order for the mediation center to
9		contact the landlord and tenant to attempt to schedule
10		a mediation regarding the nonpayment of rent;
11	(6)	That the landlord or landlord's agent may file an
12		action for summary possession if the rent due is not
13		paid and if mediation is not scheduled within ten
14		calendar days after the tenant's receipt of the ten-
15		calendar-day notice, regardless of whether the
16		scheduled mediation session occurs within the ten
17		calendar days;
18	(7)	A warning in bold typeface print in substantially the
19		following form: "If mediation is not scheduled within
20		ten calendar days after receipt of this notice,
21		regardless of whether the scheduled mediation session

2023-2815 SB393 HD2 HMSO

1	occurs within the ten-calendar-day period, then the
2	landlord may file an action for summary possession
3	after the expiration of the ten-calendar-day period.
4	If mediation is scheduled before the expiration of the
5	ten-calendar-day period, regardless of whether the
6	scheduled mediation session occurs within the ten
7	calendar days, then the landlord shall only file an
8	action for summary possession after the expiration of
9	twenty calendar days following the tenant's receipt of
10	the ten-calendar-day notice unless you (tenant) fail
11	to attend or cancel mediation. If the ten-calendar-
12	day notice was mailed, receipt of notice shall be
13	deemed to be two business days after the date of the
14	postmark. If the ten-calendar-day notice was posted
15	on the premises, receipt of notice shall be deemed to
16	be the date of posting. If an agreement is reached
17	before the filing of an action for summary possession,
18	whether through mediation or otherwise, then the
19	landlord shall not bring an action for summary
20	possession against the tenant for nonpayment of rent,
21	except as provided in any agreement that may be

2023-2815 SB393 HD2 HMSO

1		reached or if any such agreement is breached. If
2		filing an action for summary possession, the landlord
3		shall be required to note in the summary possession
4		complaint the status of the mediation or settlement
5		effort and proof of sending or posting the ten-
6		calendar-day notice to the mediation center.";
7	(8)	Notice that the eviction may be subject to additional
8		requirements and protections under federal or state
9		law and that the tenant is encouraged to seek the
10		tenant's own legal advice regarding their rights and
11		responsibilities; and
12	(9)	That the landlord or landlord's agent shall engage in
13		mediation if mediation is scheduled.
14	The	judiciary shall prepare a notice form that may be used
15	by landlo:	rds and landlords' agents to provide the information
16	required 1	by this subsection and make the form available on its
17	website.	
18	(C)	Landlords or their agents shall provide the ten-
19	<u>calendar-</u>	day notice to a mediation center on the island on which
20	the dwell:	ing unit of the tenant is located that offers free
21	mediation	for residential landlord-tenant matters. The



Page 7

1	mediation	center shall contact the landlord or landlord's agent
2	and the t	enant to schedule the mediation. If a tenant schedules
3	mediation	within the ten-calendar-day period and participates in
4	the media	tion, regardless of whether the scheduled mediation
5	session o	ccurs within the ten-calendar-day period, the landlord
6	shall onl	y file a summary proceeding for possession after the
7	<u>expiratio</u>	n of twenty calendar days from the date of receipt of
8	the ten-c	alendar-day notice. If the tenant schedules mediation,
9	the landl	ord shall participate.
10	(d)	The summary possession complaint for nonpayment of
11	rent shal	l include:
12	(1)	A document or documents from the mediation center
13		verifying that the landlord provided a copy of the
14		required ten-calendar-day notice to the mediation
15		center or an affirmation from the landlord or the
16		landlord's agent that the notice was provided to the
17		applicable mediation center and the means by which the
18		notice was provided to the applicable mediation
19		center; and
20	(2)	If mediation is pending, the date on which the
21		mediation is scheduled.

2023-2815 SB393 HD2 HMSO

Page 8

**S.B. NO.** <sup>393</sup> S.D. 1 H.D. 2

1	(e) If the mediation has not occurred as of, or has been
2	scheduled for a future date after, the return hearing date on
3	the summary possession complaint, the court, in its discretion
4	and based on a finding of good cause, may order a separate
5	mediation.
6	(f) If there is any defect in the ten-calendar-day notice
7	described in subsection (b) provided by the landlord and the
8	court determines the defect was unintentional or immaterial, the
9	court may allow the landlord to cure the defect without
10	dismissing the action for summary possession.
11	(g) Nothing in this section shall impact a landlord's or
12	tenant's other rights and responsibilities under this chapter.
13	(h) The mediation may take place by means of remote
14	communication, including two-way video communication, or in
15	person, or both.
16	(i) If the mediation does not result in an agreement, the
17	landlord or landlord's agent may file an action for summary
18	possession without again participating in mediation.
19	[ <del>(b)</del> ] <u>(j)</u> A landlord or the landlord's agent may bring an
20	action for rent alone at any time after the landlord has

# 2023-2815 SB393 HD2 HMSO

/

Page 10

demanded payment of past due rent and notified the tenant of the 1 2 landlord's intention to bring such an action." 3 SECTION 3. There is appropriated out of the general 4 revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2023-2024 and 5 6 the same sum or so much thereof as may be necessary for fiscal 7 year 2024-2025 for the judiciary to contract for mediation 8 services pursuant to section 2 of this Act. 9 The sums appropriated shall be expended by the judiciary for the purposes of this part. 10 11 PART II 12 SECTION 4. (a) There shall be established within the 13 Hawaii public housing authority an emergency rent relief program 14 available to participants in pre-litigation mediation pursuant 15 to section 521-68, Hawaii Revised Statutes, as amended by this 16 Act, to provide resources that will help tenants avoid eviction and maintain stable tenancies. 17 18 (b) Participants in the emergency rent relief program 19 shall be eligible to receive rent relief payments after 20 mediation. Participants shall be limited to receiving a maximum

# 2023-2815 SB393 HD2 HMSO

Page 11

of \$5,000 under the program and may elect to receive payment in 1 2 one of the following methods: 3 A one-time payment of \$3,000 to be used for back rent, (1)4 plus an additional four monthly payments of \$500; or 5 (2)Ten monthly payments of \$500. 6 The total amount of payments each year under the (C) 7 emergency rent relief program shall not exceed \$11,250,000. 8 The Hawaii public housing authority may enter into (d) 9 memoranda of agreement with the counties or qualified non-profit 10 organizations as necessary to implement this section. 11 (e) The Hawaii public housing authority shall be exempt 12 from chapter 103D, Hawaii Revised Statutes, in selecting a 13 qualified non-profit organization to administer the emergency 14 rent relief program and shall, without regard to chapter 91, 15 Hawaii Revised Statutes, establish rules and qualification 16 standards for the emergency rent relief program; provided that 17 the rules, at a minimum, shall prohibit a tenant from 18 participating in the emergency rent relief program more than 19 once.

20 SECTION 5. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ or so

# 2023-2815 SB393 HD2 HMS0

Page 12

### S.B. NO. <sup>393</sup> S.D. 1 H.D. 2

1 much thereof as may be necessary for fiscal year 2023-2024 and 2 the same sum or so much thereof as may be necessary for fiscal 3 year 2024-2025:

4 (1) For an emergency rent relief program to be made
5 available to persons who are participating in the pre6 litigation mediation pilot program, pursuant to
7 section 521-68, Hawaii Revised Statutes, as amended by
8 section 2 of this Act, for the purposes of helping
9 tenants avoid eviction and maintain stable tenancies;
10 and

11 (2) To fund the cost of administering the emergency rent 12 relief program, including administrative and 13 monitoring expenses incurred by the Hawaii public 14 housing authority and the nonprofit organization 15 intermediary recipient.

16 The sums appropriated shall be expended by the Hawaii17 public housing authority for the purposes of this Act.

18

#### PART III

19 SECTION 6. This Act does not affect rights and duties that 20 matured, penalties that were incurred, and proceedings that were 21 begun before its effective date.

# 2023-2815 SB393 HD2 HMS0

1 SECTION 7. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored. 2 3 SECTION 8. This Act shall take effect on June 30, 3000; provided that: 4 5 (1) Section 2 shall take effect on September 1, 2023; and 6 (2) Sections 3 and 5 shall take effect on July 1, 2023; provided further that this Act shall be repealed on June 30, 7 8 2025, and section 521-68, Hawaii Revised Statutes, shall be 9 reenacted in the form in which it read on the day prior to the 10 effective date of section 2 of this Act.



#### Report Title:

Pre-litigation Mediation Pilot Program; Landlord; Tenant; Judiciary; Hawaii Public Housing Authority; Emergency Rent Relief Program; Appropriation

#### Description:

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 participants in the prelitigation mediation pilot program. Sunsets 6/30/2025. Effective 6/30/3000. (HD2)

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

