A BILL FOR AN ACT

RELATING TO SHORT-TERM RENTAL ASSISTANCE.

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

SECTION 1. Chapter 356D, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . SHORT-TERM RENTAL ASSISTANCE PROGRAM

§356D-A Short-term rental assistance revolving fund. (a) There is established a revolving fund known as the short-term rental assistance revolving fund to be administered by the authority. Notwithstanding any law to the contrary, moneys received or collected by the authority pursuant to this part shall be deposited into the revolving fund.

(b) Moneys from the fund shall be expended by the authority for the sole purpose of providing short-term paying rent in a manner consistent with this chapter.

§356D-B Short-term rental assistance program. (a) The authority may provide a program participant with up to twenty-four months of rental assistance during any three-year period. For the purposes of this chapter "program participant" means an
individual or family whose income does not exceed fifty per cent of the area median income.

(b) Subject to the requirements of this section, the authority may set a maximum amount or percentage of rental assistance that a program participant may receive, a maximum number of months that a program participant may receive rental assistance, or a maximum number of times that a program participant may receive rental assistance. The authority may also require program participants to share in the costs of rent.

(c) Except for a one-time payment of rental arrears on the tenant's portion of the rental payment, rental assistance cannot be provided to a program participant who is receiving tenant-based rental assistance, or living in a housing unit receiving project-based rental assistance or operating assistance, through other public sources.

(d) Rental assistance cannot be provided unless the rent does not exceed the Fair Market Rent established by the United States Department of Housing and Urban Development and complies with the Department of Housing and Urban Development’s standard of rent reasonableness.
For purposes of calculating rent under this section, the rent shall equal the sum of the total monthly rent for the unit, any fees required for occupancy under the lease (other than late fees and pet fees) and, if the tenant pays separately for utilities, the monthly allowance for utilities (excluding telephone) established by the authority.

(e) The authority may make rental assistance payments only to an owner with whom the authority has entered into a rental assistance agreement. The rental assistance agreement must set forth the terms under which rental assistance will be provided, including the requirements that apply under this section. The rental assistance agreement must provide that, during the term of the agreement, the owner must give the authority a copy of any notice to the program participant to vacate the housing unit or any complaint used under Hawaii law to commence an eviction action against the program participant.

(f) The authority must make timely payments to each owner in accordance with the rental assistance agreement. The rental assistance agreement must contain the same payment due date, grace period, and late payment penalty requirements as the program participant's lease. The authority is solely
responsible for paying late payment penalties that it incurs with funds from the short-term rental assistance revolving fund.

(g) Each program participant receiving rental assistance must have a legally binding, written lease for the rental unit, unless the assistance is solely for rental arrears. The lease must be between the owner and the program participant. Where the assistance is solely for rental arrears, an oral agreement may be accepted in place of a written lease, if the agreement gives the program participant an enforceable leasehold interest under Hawaii law and the agreement and rent owed are sufficiently documented by the owner's financial records, rent ledgers, or canceled checks. For program participants living in housing with project-based rental assistance under paragraph (i) of this section, the lease must have an initial term of one year.

(h) A program participant who receives tenant-based rental assistance may select a housing unit in which to live and may move to another unit or building and continue to receive rental assistance, as long as the program participant continues to meet the program requirements. The authority may require that all
program participants live within a particular area for the
period in which the rental assistance is provided.

The rental assistance agreement with the owner must
terminate and no further rental assistance payments under that
agreement may be made if:

(1) The program participant moves out of the housing unit
for which the program participant has a lease;
(2) The lease terminates and is not renewed; or
(3) The program participant becomes ineligible to receive
rental assistance.

(i) If the authority identifies a permanent housing unit
that meets this section's requirements and becomes available
before a program participant is identified to lease the unit,
the authority may enter into a rental assistance agreement with
the owner to reserve the unit and subsidize its rent in
accordance with the following requirements:

(1) The rental assistance agreement may cover one or more
permanent housing units in the same building. Each
unit covered by the rental assistance agreement
("assisted unit") may only be occupied by program

2020-0693 SB SMA.doc
participants, except as provided under paragraph (i)(4) of this section.

(2) The authority may pay up to 100 percent of the first month's rent, provided that a program participant signs a lease and moves into the unit before the end of the month for which the first month's rent is paid. The rent paid before a program participant moves into the unit must not exceed the rent to be charged under the program participant's lease and must be included when determining that program participant's total rental assistance.

(3) The authority may make monthly rental assistance payments only for each whole or partial month an assisted unit is leased to a program participant. When a program participant moves out of an assisted unit, the authority may pay the next month's rent, i.e., the first month's rent for a new program participant, as provided in paragraph (i)(2) of this section.

(4) The program participant's lease must not condition the term of occupancy to the provision of rental assistance.
assistance payments. If the program participant is
determined ineligible or reaches the maximum number of
months over which rental assistance can be provided,
the authority must suspend or terminate the rental
assistance payments for the unit. If the payments are
suspended, the individual or family may remain in the
assisted unit as permitted under the lease, and the
authority may resume payments if the individual or
family again becomes eligible and needs further rental
assistance. If the payments are terminated, the
rental assistance may be transferred to another
available unit in the same building, provided that the
other unit meets all of this section's requirements.

(5) The rental assistance agreement must have an initial
term of one year. When a new program participant
moves into an assisted unit, the term of the rental
assistance agreement may be extended to cover the
initial term of the program participant's lease. If
the program participant's lease is renewed, the rental
assistance agreement may be renewed or extended, as
needed, up to the maximum number of months for which
the program participant remains eligible.

(j) The limits on the assistance under this section apply
to the total assistance an individual receives, either as an
individual or as part of a family."

SECTION 2. 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 2020-2021 to be
deposited into the short-term rental assistance revolving fund.

SECTION 3. There is appropriated out of the short-term
rental assistance revolving fund the sum of $ or so
much thereof as may be necessary for fiscal year 2020-2021 for
funding the short-term rental assistance program.

The sum appropriated shall be expended by the Hawaii public
housing authority for the purposes of this Act.

SECTION 4. In codifying the new sections added by section
1 of this Act, the revisor of statutes shall substitute
appropriate section numbers for the letters used in designating
the new sections in this Act.

SECTION 5. New statutory material is underscored.
SECTION 6. This Act shall take effect upon its approval.

INTRODUCED BY:

[Signatures]

2020-0693 SB SMA.doc
Report Title:
Housing; Short-term Rental Assistance; Short-term Rental Assistance Fund; Hawaii Public Housing Authority; Appropriation

Description:
Creates the short-term rental assistance fund; establishes the short-term rental assistance program.

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