
A BILL FOR AN ACT

RELATING TO THE RESIDENTIAL LANDLORD-TENANT CODE.

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

1 SECTION 1. The legislature finds that low-income
2 individuals experience difficulty in finding affordable rental
3 housing in Hawaii. According to the National Low Income Housing
4 Coalition, an estimated twenty-two per cent of renter households
5 in Hawaii are extremely low-income, with incomes at or below the
6 poverty guideline or thirty per cent of the area median income.
7 Hawaii continues to have the second highest per capita rate of
8 homelessness in the United States, with 45.6 out of every 10,000
9 people experiencing homelessness.

10 There are numerous barriers to accessing affordable housing
11 for low-income households and people experiencing homelessness.
12 One example of a barrier to accessing affordable housing is
13 application screening fees, which are intended to cover the cost
14 of conducting tenant screening when a prospective tenant applies
15 for a residential rental unit. This barrier is particularly
16 difficult for low-income or homeless households.



1 The legislature further finds that the cost of application
2 screening fees varies widely and may exceed the actual cost of
3 the screening. Many potential tenants are unable to afford the
4 cost of multiple application screening fees that are required to
5 successfully secure a rental unit. Hawaii's residential
6 landlord-tenant code currently does not regulate how these fees
7 are determined or applied.

8 The federal government recently allocated significant
9 resources, including nearly seven hundred emergency housing
10 vouchers, to assist Hawaii households to secure stable, long-
11 term housing following the COVID-19 pandemic. The legislature
12 also finds that the unregulated use of application screening
13 fees creates barriers to stable housing for low-income and
14 homeless households and jeopardizes federal resources by
15 reducing the number of households that apply for housing with a
16 subsidized housing voucher.

17 The purpose of this Act is to help remove barriers in
18 securing affordable rental housing by:

- 19 (1) Regulating how application screening fees are charged
20 when processing applications to rent residential
21 property; and



1 (2) Requiring landlords to refund any unused amount of an
2 application screening fee to the applicant.

3 SECTION 2. Chapter 521, Hawaii Revised Statutes, is
4 amended by adding a new section to part I to be appropriately
5 designated and to read as follows:

6 "§521- Application screening fee; residential property.

7 (a) When a landlord or the landlord's agent receives an
8 application to rent residential property from an applicant, the
9 landlord or the landlord's agent may charge the applicant an
10 application screening fee to cover the costs of obtaining
11 information about the applicant. The application screening fee
12 may be used to obtain personal reference checks, tenant reports,
13 and credit reports produced by any consumer credit reporting
14 agency.

15 (b) Upon written request by the applicant, the landlord or
16 the landlord's agent shall provide to the applicant a receipt
17 for payment of the application screening fee.

18 (c) The landlord or the landlord's agent shall return to
19 the applicant any amount of the application screening fee that
20 is not used for the purposes authorized by this section.

21 (d) As used in this section:



1 "Consumer credit reporting agency" shall have the same
2 meaning as in section 489P-2.

3 "Credit report" shall have the same meaning as in section
4 489P-2."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Residential Landlord-Tenant Code; Application Screening Fee;
Tenant Report; Credit Report

Description:

Allows a landlord or the landlord's agent to charge an application screening fee to cover the costs of obtaining a tenant report or credit report for a potential tenant. Requires landlords to refund any unused amount of the application screening fee and, upon request, provide a receipt for payment of the application screening fee. Effective 7/1/2050. (HD1)

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