

February 5, 2025

The Honorable Scot Z. Matayoshi, Chair

House Committee on Consumer Protection & Commerce
State Capitol, Conference Room 329 & Videoconference

RE: House Bill 638, Relating to the Residential Landlord-Tenant Code

HEARING: Wednesday, February 5, 2025, at 2:00 p.m.

Aloha Chair Matayoshi, Vice Chair Chun, and Members of the Committee:

My name is Lyndsey Garcia, Director of Advocacy, testifying on behalf of the Hawai'i Association of REALTORS® ("HAR"), the voice of real estate in Hawaii and its over 10,000 members. HAR provides **comments** on House Bill 638, which prohibits a landlord or the landlord's agent from charging an application fee for a criminal background check or credit report if an applicant provides a certified copy of a criminal background check or credit report. Prohibits a landlord or the landlord's agent from charging an application fee if a comprehensive reusable tenant screening report is available. Requires a landlord or the landlord's agent to provide, upon request, a certified copy of an applicant's criminal background check or credit report

The tenant screening process typically begins when the prospective tenant completes a rental application. Property managers manually review information and can rely on a tenant screening company to help produce tenant screening reports to assist with the screening process. The screening process is not limited to just credit reports and criminal background checks. The entire screening process can also include reviewing eviction history, verifying employment, verifying personal references, and other records to properly vet tenants. Property managers are not just concerned about the ability for an applicant to pay rent, but also what kind of tenant the applicant will make.

Under this measure, it would require a landlord or property manager to provide, upon request, a certified copy of an applicant's criminal background check or credit report. It is important to highlight that these screening reports are typically designated as confidential. The Fair Credit Reporting Act¹ strictly governs how the credit information/report is provided, stored, used, with whom it is shared, and how it is retained.

Additionally, HAR would note that it is very easy to edit a PDF, so a property manager may be reluctant to accept a criminal background check or credit report from an applicant. It may not be possible for property managers to be able to verify that

¹ Federal Trade Commission. (May 2023). *Fair Credit Reporting Act*. www.ftc.gov/legal-library/browse/statutes/fair-credit-reporting-act



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documentation has not been tampered with, leading property managers to decline these types of applications. This entire process would delay the application process, which is ultimately detrimental to tenants who are seeking housing.

Mahalo for the opportunity to provide testimony on this measure.





HAWAII WORKERS CENTER

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February 3, 2025

LATE

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Hawai'i State House of Representatives
Committee on Consumer Protection and Commerce
Rep. Scot Z. Matayoshi, Chair
Rep. Cory M. Chun, Vice Chair

RE: STRONG SUPPORT for H.B. 638 RELATING TO THE RESIDENTIAL LANDLORD-TENANT CODE.

Dear Chair Rep. Matayoshi, Vice-Chair Rep. Chun, and Members of the Committee on Consumer Protection and Commerce.

The Hawai'i Workers Center (HWC) envisions a Hawai'i in which all workers are empowered to exercise their right to organize for their social, economic and political well-being. It is a resource of information, education, training and organizing for Hawaii's workers.

The HWC stands in strong support of H.B. 638 which prohibits a landlord or the landlord's agent from charging an application fee for a criminal background check or credit report if an applicant provides a certified copy of a criminal background check or credit report.

Members of HWC's COFA (Compact of Free Association) Workers Association have brought this issue to the forefront when applying for rental housing, often spending a minimum of \$100 every time they submit an application for housing only to be rejected. This continues to be a burden for many of our working families. To make matters worse, we have seen landlords on Maui who have used the recent disaster and shortage of housing, to pocket these rental application fees without the real intention of renting to applicants.

H.B. 638 will help level the playing field for our working class families in competing for limited housing rentals throughout Hawai'i while still allowing landlords their due diligence when selecting tenants. It will also help address the unfortunate exploitation and greed seen post-disaster from those who seek to profit off such a tragedy on Maui.

We ask that you please pass and support H.B. 638.

Sincerely,

Sergio Alcubilla
Executive Director

HB-638

Submitted on: 2/3/2025 12:58:27 PM

Testimony for CPC on 2/5/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Raelene Tenno	Individual	Support	Written Testimony Only

Comments:

I support this bill for the following reasons:

Landlords or rental property managers should encourage the prospective tenant to download their own credit reports from the free sources such as credit karma or free credit report sites.

This is part of the learning process for prospective tenants on the importance of the credit report.

Secondly, the cost to the renter becomes enormous to pay for each application submitted for rental consideration. Finding a rental is extremely stressful and time consuming for these individuals. Eliminating the application fee requirement will help these individuals with the costs to secure rental housing.

Thank you for allowing the submission of this testimony.

HB-638

Submitted on: 2/4/2025 10:15:09 AM

Testimony for CPC on 2/5/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Elena Arinaga	Individual	Support	Written Testimony Only

Comments:

I support this bill. Application fees are unnecessary and stupid and we should have gotten rid of them a long time ago.

LATE

HB-638

Submitted on: 2/4/2025 11:21:18 PM

Testimony for CPC on 2/5/2025 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
H. Doug Matsuoka	Individual	Support	Written Testimony Only

Comments:

I am a 72 year old life-long resident of Hawaii, a director of Kokua Council, and a founding member of Hawaii Guerrilla Video Hui. I am also a renter. I submit this as my own personal testimony.

I strongly support HB638 Relating to Residential Landlord-Tenant Code prohibiting charging an application fee if an applicant provides a certified copy of a criminal background check or credit report.

Some landlords and their agents use expensive application fees as a way of creating an income stream separate from the actual rental or its associated rental costs. This generally wasn't the case in the past where the landlord was a local, known, individual, private owner. Predatory practices like the ones this bill seeks to remedy have become more common in recent years, especially for properties managed by large agencies, or investment entities with anonymous or impersonal individual owners.

Passing this bill benefits the renter without any cost to the owner or their agent.

Thank you for your attention to this matter.

H. Doug Matsuoka
Alewa