

Testimony **IN SUPPORT** of SB 942 Relating to Rental Applications by James Nelson

Chair Keohokalole, Vice Chair Fukunaga, and members of the committee:

Thank you for hearing this measure.

The bill addresses an occasional practice of certain rental agencies and landlords to reject rental applications solely because of an inability by an applicant to produce recent monthly earned income evidence, e.g. images of paycheck stubs, without allowing the applicant to alternatively present evidence of sufficient liquid assets and/or income from other sources. The measure does not in any way prohibit a landlord from asking for or considering evidence of recently earned income as part of an application process. It merely requires landlords to seek additional evidence of sufficient income or assets if the applicant is not able, for whatever reason, to produce such evidence of recent monthly earned income.

I encountered the practice prohibited by this measure more than once a few years back when, as a retiree, I was selling my mortgage-free condominium unit and sought to use the proceeds, among other non-monthly income sources, for a one-year rental unit. In one case, uploading paycheck evidence was apparently a "mandatory field" in an online application process. In another case, I stated in the online application that I was unable to produce the required evidence of 3 months of recent income, each equal to 3 times the stated rental cost. The agent called me, heard my explanation, but reiterated it was her agency's "policy" and she declined to even show me the advertised rental unit. Eventually I learned to use an advance strategy in the online application, e.g., explicitly noting that I was a "retired professional with substantial liquid assets," before I was able to connect with a landlord who understood the circumstances.

Given that many, if not most, individual condo units are not suitable for reverse mortgages due to the FHA pre-approval process, I am not alone among seniors who have chosen to sell and then rent a new principal residence. My own financial advisor at a major brokerage, and those of several retiree friends as well, are suggesting that clients with free-and-clear ownership of a condo, who have no desire to bequeath it, should at least consider selling their units, renting a residence, and investing the substantial remaining proceeds over time. This has proved successful in my case, but I did not anticipate the stumbling blocks in the rental application process for someone with adequate liquid assets but relatively low monthly income. As the preamble to this measure notes, many individuals also receive unearned income such as dividends or stipends, or are self-employed independent contractors, or maintain large amounts of easily liquidated assets. Using monthly earned income statements as a gateway factor in a rental application could well exclude such persons from the rental housing market.

I note that the chairs of the Senate committees on Housing, Judiciary, and Labor have all signed this bill as primary co-introducers, indicating support for the policy and the substantive content by your colleagues in "adjacent" subject matter areas implicated by this measure.

Thank you for providing the opportunity to testify on this measure.
James J. Nelson

February 25, 2025

The Honorable Jarrett Keohokalole, Chair

Senate Committee on Commerce and Consumer Protection
State Capitol, Conference Room 229 & Videoconference

RE: Senate Bill 942, Relating to Rental Applications

HEARING: Tuesday, February 25, 2025, at 9:34 a.m.

LATE

LATE

Aloha Chair Keohokalole, Vice Chair Fukunaga, 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 Hawai'i and its over 11,000 members. HAR provides **comments** on Senate Bill 942 which prohibits a landlord from rejecting a rental application solely due to an applicant's inability to provide a recent paycheck; provided that the applicant can provide evidence of sufficient liquid assets or unearned income to cover the rental costs.

Housing providers rely on proof of income when paychecks are not available. While pay stubs allow for direct employment verification through the employer, the same level of verification may not be feasible for other forms of income, such as bank statements (since financial institutions do not confirm balances), social security benefits, or letters from third parties who are not prospective employers.

To address these concerns, and if the Committee is inclined to pass this measure, we recommend the following amendments to ensure accuracy and provide clarity in verifying alternative sources of income:

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

"§521- Rental applications; proof of income; paychecks; prohibition. In considering an application to rent a dwelling unit, no landlord shall reject an applicant solely due to the applicant's inability to submit evidence of a recent paycheck; provided that the landlord may require the applicant to submit to the landlord evidence **dated within thirty days of the application**, of unearned income or liquid assets sufficient to satisfy the rent for the term of the prospective rental period.

(a) In the event the evidence provided is not issued by a financial institution or municipal, county, state or federal government, the landlord may request the tenant's authorization to verify the documentation; or

(b) The evidence provided must be verifiable either:



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- (1) Directly from the source of the information; or
(2) Through cross-referencing with another official document, such as a tax return.

Mahalo for the opportunity to provide testimony on this measure.



SB-942

Submitted on: 2/23/2025 12:14:42 PM
Testimony for CPN on 2/25/2025 9:34:00 AM

LATE

Submitted By	Organization	Testifier Position	Testify
Veronica Moore	Individual	Support	Written Testimony Only

Comments:

To: Senator Jarrett Keohokalole,
Chair
Chair
Consumer Protection

Senator Carol Fukunaga, Vice
Senate Committee on Commerce and

From: Veronica Moore, Individual Citizen

Date: February 23, 2025

RE: Upcoming Hearing for
SB942
TO RENTAL APPLICATIONS.
Application; Proof of Income; Paychecks

Measure Title: RELATING
Report Title: Landlord; Rent;

To All Concerned,

My name is Veronica Moore and I support Senate Bill 942 as is. Thank you for introducing this bill, and I appreciate the opportunity to present testimony regarding it.

Sincerely,

Veronica M. Moore

LATE

LATE

SB-942

Submitted on: 2/24/2025 4:49:36 PM

Testimony for CPN on 2/25/2025 9:34:00 AM

Submitted By	Organization	Testifier Position	Testify
Michael Olderr	Individual	Support	Written Testimony Only

Comments:

I support this bill. It removes an unnecessary barrier to housing for those trying to get off the streets.

LATE **LATE**

SB-942

Submitted on: 2/25/2025 3:52:11 AM
Testimony for CPN on 2/25/2025 9:34:00 AM

Submitted By	Organization	Testifier Position	Testify
April Bautista	Individual	Support	Written Testimony Only

Comments:

As a mom to a toddler who just last year was almost evicted, I strongly support this bill and encourage you to pass this community benefit policy.

Thank you,

April