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# 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 tenant screening conducted when applying for a residential  
15 rental unit. This barrier is particularly difficult for low-  
16 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 required to  
5 successfully secure a rental unit. Hawaii's residential  
6 landlord-tenant code does not currently 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 unregulated  
12 use of application screening fees creates barriers to stable  
13 housing for low-income and homeless households and jeopardizes  
14 the federal resources by reducing the number of households that  
15 apply for housing with a subsidized housing voucher.

16       The purpose of this Act is to regulate the charging of  
17 application screening fees to process an application to rent  
18 residential property and to require landlords to refund any  
19 unused amount of the application screening fee.



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

"§521- Application screening fee. (a) When a landlord or the landlord's agent receives an application to rent residential property from an applicant, the landlord or the landlord's agent may charge the applicant an application screening fee to cover the costs of obtaining information about the applicant. The application screening fee may be used to obtain personal reference checks, tenant reports, and credit reports produced by any consumer credit reporting agency.

(b) The amount of the application screening fee shall not exceed \$25. A landlord or the landlord's agent may charge only one application screening fee per application and shall not charge an application screening fee for each member of a household.

(c) Upon written request by the applicant, the landlord or the landlord's agent shall provide to the applicant a receipt for payment of the application screening fee and a copy of any report obtained by the landlord or the landlord's agent that was



1 paid for with the application screening fee within ten days of  
2 obtaining the report.

3 (d) The landlord or the landlord's agent shall return to  
4 the applicant any amount of the application screening fee that  
5 is not used for the purposes authorized by this section.

6 (e) For the purposes of this section:

7 "Consumer credit reporting agency" has the same meaning as  
8 in section 489P-2.

9 "Credit report" has the same meaning as in section 489P-2."

10 SECTION 3. This Act does not affect rights and duties that  
11 matured, penalties that were incurred, and proceedings that were  
12 begun before its effective date.

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval.



**Report Title:**

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

**Description:**

Allows a landlord, when processing an application to rent residential property, to charge an application screening fee up to a maximum of \$25 for the cost of requesting 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 of the fee and a copy of any report obtained via the screening process to the applicant.  
(SD1)

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