

Honolulu, Hawaii

MAR 24 , 2022

RE: S.B. No. 2877  
S.D. 1  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-First State Legislature  
Regular Session of 2022  
State of Hawaii

Sir:

Your Committee on Housing, to which was referred S.B. No. 2877, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE RESIDENTIAL LANDLORD-TENANT CODE,"

begs leave to report as follows:

The purpose of this measure is to help remove barriers in securing affordable housing by:

- (1) Regulating how application screening fees are charged when processing applications to rent residential property, including establishing a cap on the amount of each application screening fee assessed; and
- (2) Requiring a landlord or the landlord's agent to provide an applicant a receipt for payment of the application screening fee and refund any unused amount of an application screening fee to the applicant, within specified time frames.

Your Committee received testimony in support of this measure from the Governor's Coordinator on Homelessness, Department of Human Services, Department of Commerce and Consumer Affairs, State Council on Developmental Disabilities, HOPE Services Hawai'i,



Catholic Charities Hawai'i, and Hawai'i Health & Harm Reduction Center. Your Committee received testimony in opposition to this measure from Hawai'i Association of REALTORS and one individual. Your Committee received comments on this measure from EAH Housing.

Your Committee finds that there are numerous barriers to accessing affordable housing for low-income households and people experiencing homelessness. The costs associated with screening prospective tenants, including application screening fees for personal reference checks and credit reports, can result in financial hardship for prospective tenants, especially when the costs of multiple application screening fees mount.

Your Committee further finds that the charging of application screening fees for rental units is currently unregulated. As a result, the cost of these fees varies and can exceed the actual cost of screening. Regulating the assessment of application screening fees is one way to address impediments to securing affordable rental housing in the State.

Your Committee has amended this measure by:

- (1) Inserting a preamble;
- (2) Removing provisions that would have capped the amount that could be charged for an application screening fee and limited the number of fees that could be charged per application and per household;
- (3) Removing the requirement for the landlord or the landlord's agent to provide the applicant with a copy of any report obtained by the landlord or the agent, within ten days of the applicant's request;
- (4) Removing the thirty-day time frame in which the landlord or landlord's agent must return any unused amount of the application screening fee to the applicant;
- (5) Removing the savings clause;
- (6) Changing the effective date to July 1, 2050, to encourage further discussion; and



- (7) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2877, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2877, S.D. 1, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Housing,



NADINE K. NAKAMURA, Chair



