

MAR 15 2006

S.R. NO. 156

SENATE RESOLUTION

REQUESTING THAT THE LEGISLATIVE REFERENCE BUREAU STUDY THE
CONSTITUTIONALITY, LEGALITY, AND EFFECTIVENESS OF RENT
CONTROL IN JURISDICTIONS WHERE RENT CONTROL HAS BEEN
ESTABLISHED.

1 WHEREAS, rents for residential property can rise
2 drastically during times when housing is in short supply and the
3 economy is strong; and

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5 WHEREAS, in economics and law, rent control refers to the
6 government regulation of rent to prevent unreasonable or
7 excessive increases; and

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9 WHEREAS, in the United States, the federal government
10 imposed rent control (and other price controls) during World War
11 Two, and continued it in several cities after the war because of
12 housing shortages; and

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14 WHEREAS, rent control was later turned over to the control
15 of individual states and municipalities and has since ended in
16 most locations; and

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18 WHEREAS, proponents of rent control claim that it is
19 necessary to prevent landlords from imposing rent increases that
20 force the elderly and the poor to move, on the grounds that
21 housing is an inalienable human right that is equal to the
22 rights of landlords; and

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24 WHEREAS, other advocates of rent control claim that
25 maintaining a supply of affordable housing is essential to
26 sustaining job growth, and to maintaining a community that
27 includes senior citizens and people of all income groups; and

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29 WHEREAS, homeowners who support rent control point to the
30 neighborhood instability caused by high or frequent rent
31 increases and the effect on schools, youth groups, and community
32 organizations when tenants move frequently; and
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1 WHEREAS, opponents of rent control claim that rent control
2 can create housing shortages, resulting in an overall decrease
3 in the quality of housing stock in a city, and that the benefits
4 of rent control accrue disproportionately to the wealthy and
5 well-connected; and

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7 WHEREAS, opponents of rent control argue that the goal of
8 making housing affordable and available to the poor can be
9 accomplished by the same free market that created the housing
10 units in the first place, or by government construction or
11 subsidy of affordable housing projects; and

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13 WHEREAS, opponents of rent control see rent control as a
14 violation of the landlords' property rights that limits their
15 ability to sell their rent controlled property, thus essentially
16 forcing landlords to put their property to work for the state
17 without recourse; and

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19 WHEREAS, regulation of real property is a fact of life in
20 modern societies, and landlords and their organizations actively
21 use their recourse to legislatures to assert that the government
22 has taken landlords' property without compensation, although
23 courts generally have found that unconstitutional takings have
24 not occurred; and

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26 WHEREAS, while the political debate over rent control is
27 far-reaching, the purposes and provisions of rent control laws
28 are intended to be limited in scope, and the frequency and
29 degree of rent increases are limited, usually to the rate of
30 inflation; and

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32 WHEREAS, under rent control landlords may pass along the
33 costs of capital improvements to their properties, and tenants
34 may be able to claim that decreased services or the lack of
35 necessary repairs offset additional increases or justify a rent
36 reduction; now, therefore,

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38 BE IT RESOLVED by the Senate of the Twenty-third
39 Legislature of the State of Hawaii, Regular Session of 2006,
40 that the Legislative Reference Bureau study the
41 constitutionality, legality, and effectiveness of rent control
42 in jurisdictions where rent control has been established; and

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1 BE IT FURTHER RESOLVED that in its study of rent control,
2 the Legislative Reference Bureau consider the feasibility and
3 potential effectiveness of enacting and implementing rent
4 control measures in Hawaii; and
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6 BE IT FURTHER RESOLVED that the Legislative Reference
7 Bureau report its findings and conclusions to the Legislature
8 twenty days before the convening of the Regular Session of 2007;
9 and
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11 BE IT FURTHER RESOLVED that certified copies of this
12 Resolution be transmitted to the Acting Director of the
13 Legislative Reference Bureau and the Executive Director of the
14 Housing and Community Development Corporation of Hawaii.
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OFFERED BY:

Shiranne Chun Cleland

