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## A BILL FOR AN ACT

RELATING TO AFFORDABLE HOUSING.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that in most cases,  
2 landlords in Hawaii are able to increase the rent on rental  
3 units without much concern over whether the unit will sit vacant  
4 because of the scarcity of affordable housing. Even if a  
5 landlord's current tenant cannot afford the increased rent on a  
6 rental unit, there is likely another tenant willing to take the  
7 current tenant's place.

8           While turnover in tenants as a result of increased rents  
9 benefits the landlords and property owners, it does not always  
10 benefit the community. Tenants who know that they could be  
11 priced out of their current residence have no incentive to  
12 invest in their community. If rents were stable and tenants  
13 could be assured that they would face only reasonable increases,  
14 then tenants may stay in their rental units longer and invest in  
15 the community around them.

16           The legislature further finds that tenants need some  
17 semblance of housing security but landlords and property owners



1 also need the ability to increase their rents by a reasonable  
2 amount. The legislature also finds that the policy of rent  
3 stabilization, which is distinct from a policy of rent control,  
4 could simultaneously respond to those opposing needs.

5 The purpose of this Act is to establish:

- 6 (1) A rent stabilization law that will apply to all rental  
7 units located in structures that are over a certain  
8 age; and
- 9 (2) The rent stabilization advisory working group.

10 SECTION 2. The Hawaii Revised Statutes is amended by  
11 adding a new chapter to be appropriately designated and to read  
12 as follows:

13 "CHAPTER

14 RENT STABILIZATION

15 § -1 Definitions. For purposes of this chapter, unless  
16 context requires otherwise:

17 "Action" shall have the same meaning as in section 521-8.

18 "Department" means the department of commerce and consumer  
19 affairs.

20 "Director" means the director of commerce and consumer  
21 affairs.



1 "Dwelling unit" shall have the same meaning as in section  
2 521-8.

3 "Family" includes a household of one.

4 "Landlord" shall have the same meaning as in section 521-8.

5 "Owner" shall have the same meaning as in section 521-8.

6 "Rental agreement" shall have the same meaning as in  
7 section 521-8.

8 "Single family residence" shall have the same meaning as in  
9 section 521-8.

10 "Tenant" shall have the same meaning as in section 521-8.

11 **§ -2 Application.** (a) The provisions of this chapter  
12 shall apply to all dwelling units that are designed for rental  
13 use or are rented, including dwelling units that are subleased  
14 by tenants at any time on or after July 1, 2020, except for  
15 dwelling units listed in subsection (b).

16 (b) The provisions of this chapter shall not apply to:

17 (1) A dwelling unit in a single family residence; provided  
18 that the single family residence does not rent more  
19 than dwelling units to families who are not  
20 related to the property owner by blood, marriage, or  
21 adoption;



- 1           (2) Dwelling units located in a structure less than  
2           years old, except if:
- 3           (A) The structure replaced a structure that provided  
4           dwelling units for rent; or
- 5           (B) The tenants that rented dwelling units in the  
6           previous structure were evicted for the purpose  
7           of allowing the property owner to build the  
8           current structure;
- 9           (3) Accommodations in hotels, motels, and inns that are  
10          primarily rented to guests for a period less than  
11          thirty days; provided that the same tenant has not  
12          occupied one or more of the dwelling units in a single  
13          structure for more than thirty consecutive days;
- 14          (4) A dwelling unit that is owned, operated, or managed by  
15          a government unit, agency, or authority for purposes  
16          of providing housing to low-income, very low-income,  
17          or extremely low-income households; and
- 18          (5) A dwelling unit in an institution that is monitored or  
19          licensed by the State and provides medical, geriatric,  
20          or educational services.



1           §   -3   Rent stabilization advisory working group;  
2   **established.** (a) There is established within the department  
3 for administrative purposes the rent stabilization advisory  
4 working group to advise the legislature, governor, and county  
5 agencies on matters relating to the stabilization of rental  
6 amounts for dwelling units that are designed for rental use or  
7 are rented, including:

- 8           (1) Commencing January 1, 2021, recommending, on an annual  
9           basis, the percentage or dollar-amount adjustment to  
10           the rental amounts for dwelling units;
- 11           (2) Limiting or restricting the grounds for evicting a  
12           tenant from a dwelling unit;
- 13           (3) Preserving and increasing the number of dwelling  
14           units;
- 15           (4) Encouraging the maintenance of dwelling units;
- 16           (5) Recommending a rental amount that could be charged by  
17           a landlord and would be a fair return for the dwelling  
18           unit, including recommending a fair return amount for  
19           specified dwelling units; and



1           (6) Providing information relating to dwelling units,  
2           including relevant laws, rent collection methods, and  
3           community services.

4           (b) The membership of the rent stabilization advisory  
5 working group shall not exceed five members selected by the  
6 director of commerce and consumer affairs. The members shall  
7 include a representative from the department of the attorney  
8 general, renters, landlords, and other individuals who have  
9 expressed an interest in rent stabilization. The director, or  
10 director's designee, shall chair the working group.

11           The members shall serve without compensation but shall be  
12 reimbursed for actual expenses, including travel expenses, that  
13 are necessary for the performance of their duties.

14           **§ -4 Monthly rent increases.** (a) A landlord of a  
15 dwelling unit subject to a rental agreement shall be permitted  
16 to increase a dwelling unit's monthly rent by a maximum  
17 of thirty per cent at the end of the term of the rental  
18 agreement, or every twelve months, whichever is the longer  
19 period; provided that:

20           (1) Any increase in the monthly rent shall not be  
21           attributable to the landlord's negative cash flow as a



1 result of refinancing the dwelling unit if at the time  
2 the landlord refinanced the dwelling unit, the  
3 landlord could reasonably have foreseen a negative  
4 cash flow based on the existing rental agreement or  
5 the twelve-month limitation period; and

- 6 (2) Any increase in the monthly rent shall not be  
7 attributable to the landlord's negative cash flow if  
8 at the time the landlord acquired the dwelling unit,  
9 the landlord could reasonably have foreseen a negative  
10 cash flow based on the existing rental agreement or  
11 the twelve-month limitation period.

12 The recalculated, increased monthly rent shall be in effect for  
13 a term established by the new rental agreement or twelve months,  
14 whichever is the longer period, and shall be the monthly rent  
15 used to calculate future rent increases.

16 (b) A landlord shall be permitted to increase the monthly  
17 rent for a dwelling unit beyond the restrictions in subsection  
18 (a) after the dwelling unit is vacated by all tenants. There  
19 shall be no limit to the monthly rental amount that a landlord  
20 may charge for a dwelling unit following the vacancy of the  
21 dwelling unit by all tenants.



1           §   -5 Remedies. (a) A tenant or the department may file  
2 for a civil action to enforce the provisions of this chapter.

3           (b) A tenant may refuse to pay an increase in rent that is  
4 in violation of the provisions of this chapter, and such  
5 violation shall be a defense in any action brought to recover  
6 the possession of a dwelling unit or to collect rent.

7           (c) Whenever it is necessary for a tenant of a dwelling  
8 unit to file a court action to recover the payment of rent that  
9 was in excess of the maximum lawful rent allowed by the  
10 provisions of this chapter, or whenever it is necessary for the  
11 tenant to defend against any wrongful action filed in court  
12 against the tenant by the landlord to recover the possession of  
13 the tenant's dwelling unit, the landlord shall be liable to the  
14 tenant for damages in the amount of \$                    or not more than  
15 three times the amount by which the payment demanded, accepted,  
16 received, or retained exceed the lawful amount of rent,  
17 whichever is more. The prevailing party in any such suit shall  
18 be entitled to reasonable attorney's fees and costs as  
19 determined by the court."





# H.B. NO. 2226

1 SECTION 3. This Act shall take effect on January 1, 2021.

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INTRODUCED BY: 

JAN 21 2020



# H.B. NO. 2226

**Report Title:**

Rent Stabilization; Rent Stabilization Advisory Working Group

**Description:**

Limits monthly rent increases for certain dwelling units to 30 per cent for the term of the rental agreement or every 12 months, whichever period is longer. Prohibits rent increases due to the landlord's negative cash flow resulting from refinancing or purchasing the rental dwelling unit. Establishes a rent stabilization advisory working group to advise on matters relating to the stabilization of certain dwelling unit rental amounts.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

