

JAN 21 2021

A BILL FOR AN ACT

RELATING TO RENT CONTROL.

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

1 SECTION 1. Chapter 521, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 **"PART . RENT CONTROL**

5 **\$521-A Rent increase; restrictions.** (a) A landlord of a
6 dwelling unit shall not, over the course of any twelve-month
7 period, increase the gross rental rate for a dwelling unit more
8 than five per cent plus the percentage change in the cost of
9 living, or ten per cent, whichever is lower, of the lowest gross
10 rental rate charged for that dwelling unit at any time during
11 the twelve months prior to the effective date of the increase.
12 In determining the lowest gross rental rate for purposes of this
13 section, any rent discounts, incentives, concessions, or credits
14 offered by the landlord of the dwelling unit and accepted by the
15 tenant shall be excluded. The monthly gross rental rate and any
16 landlord-offered discounts, incentives, concessions, or credits
17 shall be separately listed and identified in the lease or rental



1 agreement or any amendments to an existing lease or rental
2 agreement.

3 (b) If the same tenant remains in occupancy of a dwelling
4 unit over any twelve-month period, the gross rental rate for the
5 dwelling unit shall not be increased more than twice over that
6 twelve-month period, subject to other restrictions of this
7 section governing rental rate increases.

8 (c) For a new tenancy in which no tenant from the prior
9 tenancy remains in lawful possession of the dwelling unit, the
10 landlord may establish the initial rental rate not subject to
11 subsection (a). Subsection (a) shall apply only to subsequent
12 increases after the initial rental rate has been established.

13 (d) A tenant of a dwelling unit subject to this section
14 shall not enter into a sublease that results in a total rent for
15 the premises that exceeds the allowable rental rate authorized
16 by subsection (a). Nothing in this subsection shall authorize a
17 tenant to sublet or assign the tenant's interest where otherwise
18 prohibited.

19 (e) For purposes of this section, "percentage change in
20 the cost of living" means the percentage change from April 1 of
21 the prior year to April 1 of the current year in the regional



1 Consumer Price Index for all urban consumers of the region where
2 the dwelling unit is located, as published by the United States
3 Bureau of Labor Statistics.

4 **§521-B Exclusions from application of part.** This part
5 shall not apply to:

6 (1) Housing restricted by deed, regulator restriction
7 contained in an agreement with a government agency, or
8 other recorded document as affordable housing for an
9 individual or family of very low, low, or moderate
10 income or subject to an agreement that provides
11 housing subsidies for affordable housing for an
12 individual or family of very low, low, or moderate
13 income;

14 (2) Housing subject to rent or price control through a
15 public entity's valid exercise of its police power
16 that restricts annual increases in the rental rate to
17 an amount less than provided pursuant to section
18 521-A;

19 (3) Housing that has been issued a certificate of
20 occupancy within the previous fifteen years;



(4) A dwelling unit that is alienable separate from the title to any other dwelling unit; provided that:

(A) The landlord is not:

(i) A real estate investment trust, as defined in section 856 of the Internal Revenue Code of 1986, as amended;

(ii) A corporation; or

(iii) A limited liability company in which at least one member is a corporation; and

(B) The tenants have been provided written notice that the dwelling unit is exempt from the provisions of this part and containing the following language: "This property is not subject to the rent limits imposed by section 521-A, Hawaii Revised Statutes. This property meets the requirements of section 521-B(4), Hawaii Revised Statutes, and the landlord is not any of the following: a real estate investment trust, as defined by section 856 of the Internal Revenue Code; a corporation; or a limited liability company in which at least one member is



1 a corporation.". For a tenancy existing before
2 July 1, 2022, the noticed required under this
3 subparagraph may be provided in the rental
4 agreement. For a tenancy commenced or renewed on
5 or after July 1, 2022, the noticed required under
6 this subparagraph shall be provided in the rental
7 agreement; and

- 8 (5) A duplex in which the landlord occupies one of the
9 units as the landlord's principal place of residence
10 at the beginning of the tenancy, so long as the
11 landlord continues to occupy the duplex as the
12 landlord's principal place of residence.

13 **§521-C Application of part.** (a) This part shall apply to
14 all rent increases subject to section 521-A occurring on or
15 after March 15, 2021. If a landlord has increased the rent by
16 more than the amount permissible under section 521-A between
17 March 15, 2021, and January 1, 2022, the following shall apply:

- 18 (1) The applicable rent on January 1, 2022, shall be the
19 rent as of March 15, 2021, plus the maximum
20 permissible increase under section 521-A; and



1 (2) A landlord shall not be liable to the tenant for any
2 corresponding rent overpayment.

3 (b) A landlord of a dwelling unit subject to section 521-A
4 who increased the rental rate on that dwelling unit on or after
5 March 15, 2021, but prior to January 1, 2022, by an amount less
6 than the rental rate increase permitted under section 521-A
7 shall be allowed to increase the rental rate twice,
8 notwithstanding section 521-A(b), within twelve months of
9 March 15, 2021; provided that the rental rate increase shall not
10 exceed the maximum gross rental rate increase allowed under
11 section 521-A.

12 **§521-D Notice of increase.** A landlord shall provide
13 notice of any increase in the rental rate in accordance with
14 section 521-21.

15 **§521-E Waiver of rights.** Any waiver of the rights under
16 this part shall be void as contrary to public policy.

17 **§521-F Miscellaneous provisions.** (a) This part is not
18 intended to expand or limit the authority of counties to
19 establish ordinances regulating rents.

20 (b) Nothing in this part shall authorize a county to
21 establish limitations on any rental rate increases not otherwise



1 permissible by law or adopt or maintain rent controls or price
2 controls not consistent with this part."

3 SECTION 2. The office of consumer protection shall submit
4 an interim report of the effectiveness of this Act to the
5 legislature on or before January 1, 2026, and a final report no
6 later than twenty days prior to the convening of the regular
7 session of 2032. The report shall include but not be limited to
8 the impact of the rental rate cap pursuant to section 521-A,
9 Hawaii Revised Statutes, on the housing market within the State.

10 SECTION 3. In codifying the new sections added by section
11 1 of this Act, the revisor of statutes shall substitute
12 appropriate section numbers for the letters used in designating
13 the new sections in this Act.

14 SECTION 4. This Act shall take effect upon its approval
15 and shall be repealed on December 31, 2031.

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INTRODUCED BY: _____

A handwritten signature in black ink, appearing to be 'B. L.', is written over a horizontal line.

S.B. NO. 52

Report Title:

Rent Restrictions; Rent Control; Office of Consumer Protection

Description:

Prohibits landlords from increasing rent above a certain percentage over any twelve-month period. Establishes provisions for rent control. Excludes certain properties from rent control. Requires a report regarding the effectiveness of rent control in the State. Repeals on 12/31/2031.

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

