

JAN 25 2023

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 housing insecurity
2 deeply impacts families in the State. The legislature further
3 finds that past public policy addressing housing insecurity
4 focused primarily on building additional affordable housing
5 without complementary measures addressing shrinking rental
6 markets and increasing rental rates. While policies encouraging
7 the building of more affordable housing units and ensuring those
8 units remain affordable should continue, equal attention must be
9 paid to providing tenants with protection from displacement or
10 eviction. The median price of renting a place to live in Hawaii
11 rose nearly thirteen per cent between 2019 and 2022. This
12 increase has serious impacts on working families, as nearly
13 fifty-three per cent of Hawaii renters are already housing cost-
14 burdened, with that number reaching eighty-two per cent for
15 extremely low-income households. Additional regulation of the
16 rental market is required to ensure that housing units remain
17 affordable and grounded in the State's local economy, rather



1 than in national circuits of real estate investment and
2 speculation.

3 The legislature also finds that implementing basic
4 regulatory measures on rent increases can prevent rent-gouging,
5 which in turn can prevent working families from losing their
6 housing. Research shows that these anti-rent gouging measures
7 have little negative impact on housing construction and can make
8 regulated and non-regulated units more affordable. Anti-rent
9 gouging measures have also been shown to promote resident
10 stability, which is associated with physical, social, and
11 psychological well-being.

12 The legislature additionally finds that many renters in
13 Hawaii lose their housing through processes that never register
14 as evictions because they happen at the end of a lease term,
15 while other renters are subjected to retaliatory or
16 discriminatory evictions. These no-cause evictions are highly
17 disruptive to the lives of tenants, and are a cause of poverty
18 and financial insecurity. Just cause eviction policies,
19 including local ordinances and state laws, are a form of tenant
20 protection that are designed to prevent these forms of
21 displacement by establishing that landlords may only evict



1 tenants for certain reasons, such as failure to pay rent. These
2 policies also allow no-fault evictions but require the landlord
3 to pay relocation benefits for the tenants. Just cause eviction
4 policies are valuable tools to prevent displacement,
5 particularly in places with overheated real estate markets,
6 where landlords often evict existing tenants to renovate their
7 buildings and attract wealthier renters at higher prices.

8 The purpose of this Act is to:

- 9 (1) Prohibit landlords from terminating certain tenancies
10 without just cause;
- 11 (2) Require landlords, when terminating a tenancy based on
12 no-fault just cause, to offer relocation assistance to
13 the tenant or waiver of the final month's rent;
- 14 (3) Limit the amount that a landlord can raise the gross
15 rental rate for a dwelling unit over the course of a
16 twelve-month period;
- 17 (4) Establish the Hawaii rent board to publish, oversee,
18 and enforce annual rent adjustments and conduct rental
19 arbitration hearings, mediations, and investigatory
20 hearings on reports of alleged wrongful evictions;
21 including publishing a tenant's bill of rights;



- 1 (5) Require landlords to provide tenants with the tenant
- 2 bill of rights published by the Hawaii rent board; and
- 3 (6) Establish the rent stabilization special fund to fund
- 4 and support the Hawaii rent board.

5 SECTION 2. Chapter 521, Hawaii Revised Statutes, is
6 amended by adding five new sections to be appropriately
7 designated and to read as follows:

8 **"§521-A Termination of tenancy; holdover tenants; just**
9 **cause; relocation assistance.** (a) Notwithstanding any other
10 law to the contrary, after a tenant has continuously and
11 lawfully occupied a dwelling unit for twelve months, the
12 landlord shall not terminate the tenancy without just cause,
13 which shall be stated in the written notice to terminate the
14 tenancy.

15 (b) If any additional adult tenants are added as parties
16 to the rental agreement before an existing tenant has
17 continuously and lawfully occupied the dwelling unit for
18 twenty-four months, then subsection (a) shall only apply if:

- 19 (1) All of the tenants have continuously and lawfully
- 20 occupied the dwelling unit for twelve months or more;
- 21 or



1 (2) One or more of the tenants have continuously and
2 lawfully occupied the dwelling unit for twenty-four
3 months or more.

4 (c) When terminating a tenancy for just cause, the
5 landlord shall comply with all applicable notice requirements
6 and, where applicable, shall provide the tenant reasonable time
7 to remedy the noncompliance as required by this chapter.

8 (d) Subsection (a) shall not apply if the landlord has
9 provided a written notice of an intent to terminate the tenancy
10 at the end of the term of a fixed-term rental agreement;
11 provided that the written notice shall be provided no later than
12 forty-five days prior to the end of the term of the fixed-term
13 rental agreement.

14 (e) For a tenancy for which just cause is required to
15 terminate the tenancy under subsection (a), if the landlord
16 issues a notice to terminate the tenancy based on no-fault just
17 cause, the landlord shall, regardless of the tenant's income, at
18 the landlord's option, do one of the following:

19 (1) Assist the tenant to relocate by providing direct
20 payment to the tenant equal to one month of the
21 tenant's rent that was in effect when the landlord



1 issued the notice to terminate the tenancy; provided
2 that the direct payment shall be provided within
3 fifteen calendar days of service of the notice; or

4 (2) Waive the payment of rent for the final month of the
5 tenancy, prior to the rent becoming due.

6 (f) If the landlord issues a notice to terminate a tenancy
7 for no-fault just cause, the landlord shall notify the tenant of
8 the tenant's right to relocation assistance or rent waiver
9 pursuant to this section. If the landlord elects to waive the
10 rent for the final month of the tenancy as provided under
11 subsection (e)(2), the notice shall state the amount of the rent
12 waived and that no rent is due for the final month of the
13 tenancy.

14 (g) If the tenant fails to vacate the dwelling unit after
15 the expiration of the notice to terminate the tenancy, the
16 actual amount of any relocation assistance or rent waiver
17 provided pursuant to this section shall be recoverable as
18 damages in an action or proceeding to recover possession.

19 (h) Failure by a landlord to strictly comply with
20 subsection (e) or (f) shall render the notice to terminate the
21 tenancy void.



1 §521-B Gross rental rates; limitations on increases; fees.

2 (a) Subject to subsection (c), a landlord shall not, over the
3 course of any twelve-month period, increase the gross rental
4 rate for a dwelling unit by more than two per cent plus the
5 percentage change in the cost of living of the lowest gross
6 rental rate charged for the immediately preceding twelve months;
7 provided that the increase in the gross rental rate shall not
8 exceed seven per cent.

9 In determining the lowest gross rental rate pursuant to
10 this section, any rent discounts, incentives, concessions, or
11 credits offered by the landlord of the dwelling unit and
12 accepted by the tenant shall be excluded. The monthly gross
13 rental rate and any owner-offered discounts, incentives,
14 concessions, charges, or credits shall be separately listed and
15 identified in the rental agreement or any amendments to an
16 existing rental agreement.

17 (b) If the same tenant remains in occupancy of the
18 dwelling unit over any twelve-month period, the gross rental
19 rate for the dwelling unit shall not be increased in more than
20 two increments over that twelve-month period, subject to other
21 restrictions of this section governing gross rental increase.



1 (c) Subsection (a) shall not apply to the initial rate
2 agreed upon in a new rental agreement for which no tenant from
3 the prior tenancy remains in lawful possession of the dwelling
4 unit; provided that subsection (a) shall apply to any subsequent
5 increase after the initial rate has been established in the
6 rental agreement.

7 (d) A tenant shall not enter into a sublease that results
8 in a total rent for the dwelling unit that exceeds the allowable
9 gross rental rate authorized by subsection (a). Nothing in this
10 section shall authorize a tenant to sublet or assign the
11 tenant's interest in the dwelling unit where otherwise
12 prohibited.

13 (e) The landlord shall provide written notice to the
14 tenant of any increase in the rental rate thirty days prior to
15 the effective date of the rate increase. The notification shall
16 be in no less than twelve-point type and in the following form:

17 "Hawaii law limits the amount your rent can be increased.
18 Hawaii law also provides that after all of the tenants have
19 continuously and lawfully occupied the property for twelve
20 months or more, or at least one of the tenants has continuously
21 and lawfully occupied the property for twenty-four months or



1 more, a landlord must provide a statement of cause in any notice
2 to terminate a tenancy."

3 (f) For rental agreements entered into or renewed on or
4 after January 1, , an annual fee of \$ shall be
5 assessed on all rental units covered by this section, to be paid
6 into the rent stabilization special fund established under
7 section 521-D.

8 (g) At the beginning of the rental agreement, and annually
9 thereafter for as long as the tenancy persists, the landlord may
10 impose a charge of up to fifty per cent of the fee required by
11 subsection (f); provided that this charge shall not be included
12 in the calculation of the gross rental rate and the amount shall
13 be clearly set out as a separate charge.

14 (h) For purposes of this section, "percentage change in
15 the cost of living" means the percentage change in the regional
16 Consumer Price Index in which the dwelling unit is located,
17 minus the variable pertaining to the change in the cost of
18 housing, as published by the United States Bureau of Labor
19 Statistics, from the month of the notice and twelve months prior
20 to the notice. If a regional index is not available, the
21 Consumer Price Index for All Urban Consumers for Urban Hawaii,



1 minus the variable pertaining to the change in the cost of
2 housing, as determined by the department of business, economic
3 development, and tourism, shall apply.

4 §521-C Hawaii rent board. (a) There is established the
5 Hawaii rent board to publish, oversee, and enforce annual rent
6 adjustments and conduct rental arbitration hearings, mediations,
7 and investigatory hearings on reports of alleged wrongful
8 evictions. As part of its duties, the Hawaii rent board shall
9 publish a tenant bill of rights.

10 (b) The board shall consist of seven members appointed by
11 the governor, and an alternate for each specific member. The
12 members shall consist of the following:

13 (1) Three landlords, one of whom shall be a landlord who
14 owns residential rental property located on the
15 islands of Hawaii, Kauai, Lanai, Maui, or Molokai;

16 (2) Three tenants, one of whom shall be a tenant renting a
17 dwelling unit located on the islands of Hawaii, Kauai,
18 Lanai, Maui, or Molokai; and

19 (3) One individual who is neither a landlord nor a tenant
20 and who owns no residential rental property.



1 (c) All members shall be residents of the State and at
2 least one member shall be of Native Hawaiian descent. At least
3 three members shall be selected on the basis of their knowledge,
4 experience, and expertise in landlord-tenant law or alternative
5 dispute resolution.

6 (d) Board members shall disclose all present holdings and
7 interests in real property, including interests in corporations,
8 trusts, or other entities with real property holdings.

9 (e) Members shall be appointed for a term of four years;
10 provided that the original members shall be appointed for
11 staggered terms, as determined by the governor.

12 (f) Members shall appoint a chairperson who shall be
13 responsible for the administrative functions of the board.

14 (g) The board shall be solely funded and supported by the
15 rent stabilization special fund, established pursuant to section
16 521-D. Members of the board shall serve without compensation
17 but shall be reimbursed for expenses, including travel expenses,
18 necessary for the performance of their duties.

19 (h) Any action taken by the board shall be by a simple
20 majority of the members of the board. All decisions of the
21 board shall be reduced to writing and shall state separately the



1 board's findings of fact and conclusions. Any vacancy on the
2 board shall not impair the authority of the remaining members to
3 exercise all the powers of the board. If a member is
4 unavailable to vote, the specific alternate for that member
5 shall be seated and vote as a substitute alternate.

6 (i) The board may contract for services to assist in
7 performing the functions of the board.

8 (j) The board shall be within the department of commerce
9 and consumer affairs for administrative and budgetary reasons
10 only. All members of the board shall be exempt from chapters 76
11 and 89.

12 (k) No later than twenty days prior to the convening of
13 each regular session, the board shall submit a report to the
14 governor and legislature that includes a description of the
15 activities of the board, including the outcome of any
16 arbitration, mediation, or investigatory hearings.

17 **§521-D Rent stabilization special fund.** (a) There is
18 established a rent stabilization special fund into which shall
19 be deposited all fees collected pursuant to section 521-B(f).



1 (b) Moneys in the rent stabilization special fund shall be
2 used to fund and support the activities of the Hawaii rent board
3 established pursuant to section 521-C.

4 **§521-E Landlord to provide tenant bill of rights.** The
5 landlord shall, upon a tenant's submission of an application to
6 lease a residential rental unit, provide the tenant with the
7 tenant bill of rights published by the Hawaii rent board
8 pursuant to section 521-C(a)."

9 SECTION 3. Section 521-8, Hawaii Revised Statutes, is
10 amended by adding three new definitions to be appropriately
11 inserted and to read as follows:

12 "At-fault just cause" means the termination of a tenancy
13 for any of the following on the part of a tenant:

- 14 (1) Failing to pay rent;
15 (2) Breaching the tenant's obligations under section
16 521-52;
17 (3) Committing any act, or causing any condition to exist,
18 within the dwelling unit or upon the premises, which
19 act or condition constitutes a nuisance as defined in
20 section 712-1270;



- 1 (4) Committing waste or failing to maintain the premises
2 as described in section 521-51;
- 3 (5) For tenants with a written rental agreement that
4 terminated on or after January 1, , and after a
5 written request or demand from the landlord, refusing
6 to execute a written extension or renewal of the
7 rental agreement for an additional term of similar
8 duration with similar provisions; provided that those
9 terms do not violate this chapter or any other
10 provision of law;
- 11 (6) Engaging in criminal activity within the dwelling unit
12 or upon the premises;
- 13 (7) Engaging in any criminal activity or terroristic
14 threatening, on or off the premises, that is directed
15 at the landlord;
- 16 (8) Assigning or subletting the dwelling unit or premises
17 in violation of the rental agreement;
- 18 (9) Refusing to allow the landlord to access the dwelling
19 unit as provided in section 521-53(a); or
- 20 (10) Failure by the tenant to deliver possession of the
21 dwelling unit to the landlord after providing the



1 landlord with written notice of the tenant's intention
2 to terminate the rental agreement as provided by
3 section 521-71(b).

4 "Just cause" means the termination of a tenancy for either
5 at-fault just cause or no-fault just cause.

6 "No-fault just cause" means the termination of a tenancy
7 for any of the following on the part of the landlord:

8 (1) Intending to occupy the dwelling unit or intending for
9 the landlord's spouse, domestic partner, children,
10 grandchildren, parents, or grandparents to occupy the
11 dwelling unit; provided that for rental agreements
12 entered into on or after July 1, , this paragraph
13 shall only apply if the tenant agrees in writing to
14 the termination of the tenancy, or if a provision of
15 the rental agreement allows for the landlord to
16 terminate the tenancy if the landlord or the
17 landlord's spouse, domestic partner, children,
18 grandchildren, parents, or grandparents unilaterally
19 decide to occupy the dwelling unit; provided further
20 that the addition of a provision allowing the landlord
21 to terminate the tenancy as described in this



1 paragraph to a new or renewed rental agreement or
2 fixed-term lease shall constitute a similar provision
3 as described in paragraph (5) of the definition of
4 "at-fault just cause";

5 (2) Withdrawing of the dwelling unit from the rental
6 market;

7 (3) Complying with an order by a government agency or
8 court that necessitates the vacating of the dwelling
9 unit for habitability or other reasons; provided that
10 if the government agency or court finds that the
11 tenant is at fault for the condition or conditions
12 triggering the order to vacate, the tenant shall not
13 be entitled to relocation assistance as outlined in
14 section 521-A(e);

15 (4) Intending to demolish or substantially remodel the
16 residential property. For purposes of this
17 definition, "substantially remodel" means the
18 replacement or substantial modification of any
19 structural, electrical, plumbing, or mechanical system
20 that requires a permit from a government agency, or
21 the abatement of hazardous materials, including lead-



1 based paint, mold, or asbestos, in accordance with
2 applicable federal, state, and local laws, that cannot
3 be reasonably accomplished in a safe manner with the
4 tenant in place and that requires the tenant to vacate
5 the dwelling unit for at least thirty days.

6 "Substantially remodel" does not include cosmetic
7 improvements alone, including painting, decorating,
8 and minor repairs, or other work that can be performed
9 safely without having the dwelling unit vacated;

10 (5) Converting of the dwelling unit to a condominium
11 property regime under chapter 514B; or

12 (6) Changing the use of the dwelling unit to transient
13 vacation rentals."

14 SECTION 4. Section 521-21, Hawaii Revised Statutes, is
15 amended as follows:

16 1. By amending subsection (a) to read:

17 "(a) The landlord and tenant may agree to any
18 consideration, not otherwise prohibited by law, as rent. In the
19 absence of such agreement, and subject to section [~~521-71(e)~~]
20 521-71(g), in the case of holdover tenants, or section 521-B,



1 the tenant shall pay to the landlord the fair rental value for
2 the dwelling unit."

3 2. By amending subsection (d) to read:

4 "(d) [~~When~~] Subject to section 521-B, when the tenancy is
5 from month to month, the amount of rent for such tenancy shall
6 not be increased by the landlord without written notice given
7 forty-five consecutive days prior to the effective date of the
8 increase."

9 SECTION 5. Section 521-71, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§521-71 Termination of tenancy; [~~landlord's remedies for~~**
12 **~~holdover tenants.~~ notice.** (a) [~~When the tenancy is month-to-~~
13 ~~month,~~] Notwithstanding any law to the contrary, when
14 terminating a tenancy subject to section 521-A for at-fault just
15 cause, the landlord [~~may terminate the rental agreement by~~
16 ~~notifying~~] shall notify the tenant, in writing, at least forty-
17 five days in advance of the anticipated termination. When the
18 landlord provides notification of termination, the tenant may
19 vacate at any time within the last forty-five days of the period
20 between the notification and the termination date, but the
21 tenant shall notify the landlord of the date the tenant will



1 vacate the dwelling unit and shall pay a prorated rent for that
2 period of occupation.

3 (b) When the tenancy is month-to-month the tenant may
4 terminate the rental agreement by notifying the landlord, in
5 writing, at least twenty-eight days in advance of the
6 anticipated termination. When the tenant provides notice of
7 termination, the tenant shall be responsible for the payment of
8 rent through the twenty-eighth day.

9 (c) [~~Before a landlord terminates a month-to-month tenancy~~
10 ~~where the landlord contemplates voluntary demolition of the~~
11 ~~dwelling units, conversion to a condominium property regime~~
12 ~~under chapter 514B, or changing the use of the building to~~
13 ~~transient vacation rentals,] Notwithstanding any law to the
14 contrary, when terminating a tenancy subject to section 521-A
15 for no-fault just cause, the landlord shall provide notice to
16 the tenant at least one hundred twenty days in advance of the
17 anticipated demolition or anticipated termination. If notice is
18 revoked or amended and reissued, the notice period shall begin
19 from the date it was reissued or amended. Any notice provided,
20 revoked, or amended and reissued shall be in writing. When the
21 landlord provides notification of termination pursuant to this~~



1 subsection, the tenant may vacate at any time within the one-
2 hundred-twenty-day period between the notification and the
3 termination date, but the tenant shall notify the landlord of
4 the date the tenant will vacate the dwelling unit and shall pay
5 a prorated rent for that period of occupation.

6 (d) When the tenancy is less than month-to-month~~[7]~~ and
7 not subject to section 521-A, the landlord [~~or the tenant~~] may
8 terminate the rental agreement by notifying the [~~other~~] tenant
9 at least ten days before the anticipated termination. The
10 tenant may terminate a rental agreement for a tenancy that is
11 less than month-to-month at any time by notifying the landlord
12 at least ten days before the anticipated termination.

13 (e) When the tenancy is month-to-month and not subject to
14 section 521-A, the landlord may terminate the rental agreement
15 by notifying the tenant, in writing, at least forty-five days in
16 advance of the anticipated termination. When the landlord
17 provides notification of termination, the tenant may vacate at
18 any time within the last forty-five days of the period between
19 the notification and the termination date, but the tenant shall
20 notify the landlord of the date the tenant will vacate the



1 dwelling unit and shall pay a prorated rent for that period of
2 occupation.

3 (f) Before a landlord terminates a month-to-month tenancy
4 not subject to section 521-A where the landlord contemplates
5 voluntary demolition of the dwelling units, conversion to a
6 condominium property regime under chapter 514B, or changing the
7 use of the building to transient vacation rentals, the landlord
8 shall provide notice to the tenant at least one hundred twenty
9 days in advance of the anticipated demolition or anticipated
10 termination. If notice is revoked or amended and reissued, the
11 notice period shall begin from the date it was reissued or
12 amended. Any notice provided, revoked, or amended and reissued
13 shall be in writing. When the landlord provides notification of
14 termination pursuant to this subsection, the tenant may vacate
15 at any time within the one hundred twenty-day period between the
16 notification and the termination date, but the tenant shall
17 notify the landlord of the date the tenant will vacate the
18 dwelling unit and shall pay a prorated rent for that period of
19 occupation.

20 [(-e-)] (g) Whenever the term of the rental agreement
21 expires, whether by passage of time, by mutual agreement, by the



1 giving of notice as provided in subsection (a), (b), (c), [~~e~~]
2 (d), (e), or (f) or by the exercise by the landlord of a right
3 to terminate given under this chapter, if the tenant continues
4 in possession after the date of termination without the
5 landlord's consent, the tenant may be liable to the landlord for
6 a sum not to exceed twice the monthly rent under the previous
7 rental agreement, computed and prorated on a daily basis, for
8 each day the tenant remains in possession. The landlord may
9 bring a summary proceeding for recovery of the possession of the
10 dwelling unit at any time during the first sixty days of
11 holdover. Should the landlord fail to commence summary
12 possession proceedings within the first sixty days of the
13 holdover, in the absence of a rental agreement, a month-to-month
14 tenancy at the monthly rent stipulated in the previous rental
15 agreement shall prevail beginning at the end of the first sixty
16 days of holdover.

17 [~~(f)~~] (h) Any notice of termination initiated for the
18 purposes of evading the obligations of the landlord under
19 [~~subsections~~] subsection 521-21(d) or (e) shall be void."

20 SECTION 6. This Act does not affect rights and duties that
21 matured, penalties that were incurred, and proceedings that were



1 begun before its effective date; provided that any contract in
2 effect prior to the effective date of this Act that is
3 subsequently renewed or extended on or after the effective date
4 of this Act shall comply with the requirements of this Act.

5 SECTION 7. In codifying the new sections added by section
6 2 of this Act, the revisor of statutes shall substitute
7 appropriate section numbers for the letters used in designating
8 the new sections in this Act.

9 SECTION 8. Statutory material to be repealed is bracketed
10 and stricken. New statutory material is underscored.

11 SECTION 9. This Act shall take effect on July 1, 2023.

12

INTRODUCED BY: 



S.B. NO. 1463

Report Title:

Landlord-Tenant Code; Holdover Tenants; Termination; Just Cause; Relocation Assistance; Rent Increases; Fees; Hawaii Rent Board; Tenant Bill of Rights; Rent Stabilization Special Fund

Description:

Prohibits a landlord from terminating certain tenancies without just cause. Requires a landlord to provide relocation assistance or waive the last month's rent when terminating a tenancy for no-fault just cause. Restricts how much and how often a landlord may increase an existing tenant's rent. Establishes the Hawaii rent board to oversee annual rent increases and conduct rental arbitrations, mediations, and investigative hearings on reports of wrongful evictions, and publish a tenant bill of rights. Requires a landlord to provide a tenant with the tenant bill of rights. Establishes a rent stabilization special fund, to be funded by a separate fee assessed on rental units to support the activities of the Hawaii rent board.

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

