
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 because of increased rents
9 benefits 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 rent
14 increases, then tenants may stay in their rental units longer
15 and invest in 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. The
5 legislature acknowledges that this is a multi-faceted issue that
6 requires both sides of housing agreements to work in tandem to
7 maintain housing costs.

8 The purpose of this Act is to:

- 9 (1) Establish a rent stabilization law that will apply to
10 all rental units that are designed for rental use or
11 are rented, with certain exceptions;
- 12 (2) Establish a rent stabilization advisory committee; and
- 13 (3) Require the legislative reference bureau to conduct a
14 study of actions that other states have taken to
15 incentivize landlords to stabilize rents.

16 SECTION 2. The Hawaii Revised Statutes is amended by
17 adding a new chapter to be appropriately designated and to read
18 as follows:

19 **"CHAPTER**

20 **RENT STABILIZATION**



1 § -1 **Definitions.** For purposes of this chapter, unless
2 the context otherwise requires:

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

4 "Dwelling unit" shall have the same meaning as in section
5 521-8.

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

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

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

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

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

13 § -2 **Application.** (a) Except as otherwise provided in
14 subsection (b), this chapter shall apply to all dwelling units
15 that are designed for rental use or are rented, including
16 dwelling units that are subleased by tenants, at any time on or
17 after July 1, 2022.

18 (b) This chapter shall not apply to:

19 (1) A dwelling unit in a single family residence; provided
20 that the single family residence does not rent more
21 than dwelling units to families who are not



1 related to the property owner by blood, marriage, or
2 adoption;

3 (2) Dwelling units located in a structure that is less
4 than _____ years old, except if:

5 (A) The structure replaced a structure that provided
6 dwelling units for rent; or

7 (B) The tenants that rented dwelling units in the
8 previous structure were evicted for the purpose
9 of allowing the property owner to build the
10 current structure;

11 (3) Accommodations in hotels, motels, and inns that are
12 primarily rented to guests for a period less than
13 thirty days; provided that the same tenant has not
14 occupied one or more of the dwelling units in a single
15 structure for more than thirty consecutive days;

16 (4) A dwelling unit that is owned, operated, or managed by
17 a government unit, agency, or authority for purposes
18 of providing housing to low-income, very low-income,
19 or extremely low-income households; and



1 (5) A dwelling unit in an institution that is monitored or
2 licensed by the State and provides medical, geriatric,
3 or educational services.

4 § -3 Rent stabilization advisory committee; established.

5 (a) There is established within the department of human
6 services for administrative purposes the rent stabilization
7 advisory committee to advise the legislature, governor, and
8 county agencies on matters relating to the stabilization of
9 rental amounts for dwelling units that are designed for rental
10 use or are rented, including:

- 11 (1) Commencing January 1, 2023, recommending, on an annual
12 basis, the percentage or dollar-amount adjustment to
13 the rental amounts for dwelling units;
- 14 (2) Limiting or restricting the grounds for evicting a
15 tenant from a dwelling unit;
- 16 (3) Preserving and increasing the number of dwelling
17 units;
- 18 (4) Encouraging the maintenance of dwelling units;
- 19 (5) Recommending a rental amount that could be charged by
20 a landlord and would be a fair return for the dwelling



1 unit, including recommending a fair return amount for
2 specified dwelling units; and

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

6 (b) The rent stabilization advisory committee shall be
7 jointly headed by the executive director of the Hawaii public
8 housing authority; or the executive director's designee, and the
9 director of commerce and consumer affairs, or the director's
10 designee.

11 (c) The membership of the rent stabilization advisory
12 committee shall be selected by the executive director of the
13 Hawaii public housing authority and director of commerce and
14 consumer affairs. The membership of the committee shall not
15 exceed individuals.

16 (d) The members of the rent stabilization advisory
17 committee shall include:

18 (1) The executive director of the Hawaii public housing
19 authority, or the executive director's designee, who
20 shall serve as co-chair of the rent stabilization
21 advisory committee;



1 (2) The director of commerce and consumer affairs, or the
2 director's designee, who shall serve as co-chair of
3 the rent stabilization advisory committee;

4 (3) A designee from the department of the attorney
5 general;

6 (4) An individual representing renters;

7 (5) An individual representing landlords; and

8 (6) Other individuals who have expressed an interest in
9 rent stabilization.

10 (e) Members of the advisory committee shall serve without
11 compensation but shall be reimbursed for actual expenses,
12 including travel expenses, necessary for the performance of
13 their duties.

14 § -4 **Monthly rent increases.** (a) A landlord of a
15 dwelling unit that is subject to a rental agreement shall be
16 permitted to increase a dwelling unit's monthly rent by a
17 maximum of _____ per cent at the end of the term of the
18 rental agreement, or every twelve months, whichever is longer;
19 provided that any increase in the monthly rent shall not be
20 attributable to the landlord's negative cash flow:



1 (1) As a result of refinancing the dwelling unit if, at
2 the time the landlord refinanced the dwelling unit,
3 the 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) If, at the time the landlord acquired the dwelling
7 unit, the landlord could reasonably have foreseen a
8 negative cash flow based on the existing rental
9 agreement or the twelve-month limitation period.

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

14 (b) A landlord shall be permitted to increase the monthly
15 rent for a dwelling unit beyond the restrictions in subsection

16 (a) after the dwelling unit is vacated by all tenants. There
17 shall be no limit to the monthly rental amount that a landlord
18 may charge for a dwelling unit following the vacancy of the
19 dwelling unit by all tenants.

20 § -5 Remedies. (a) A tenant, the Hawaii public housing
21 authority, or the department of commerce and consumer affairs



1 may file a civil action to enforce the provisions of this
2 chapter.

3 (b) A tenant may refuse to pay an increase in rent that is
4 in violation of this chapter, and the violation shall be a
5 defense in any action brought to recover the possession of a
6 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 this
10 chapter, or whenever it is necessary for the tenant to defend
11 against any wrongful action filed in court against the tenant by
12 the landlord to recover the possession of the tenant's dwelling
13 unit, the landlord shall be liable to the tenant for damages in
14 the amount of \$ or not more than three times the
15 amount by which the payment demanded, accepted, received, or
16 retained exceed the lawful amount of rent, whichever is more.
17 The prevailing party in any suit shall be entitled to reasonable
18 attorney's fees and costs as determined by the court."

19 SECTION 3. (a) The legislative reference bureau shall
20 conduct a study of any actions that other states have taken to
21 incentivize landlords to stabilize rents.



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1 (b) The legislative reference bureau shall submit a report
2 of its findings and recommendations, including any proposed
3 legislation, to the legislature no later than twenty days before
4 the convening of the regular session of 2023.

5 SECTION 4. This Act shall take effect on July 1, 2022.

6

INTRODUCED BY:



JAN 25 2022



H.B. NO. 2328

Report Title:

Affordable Housing; Rent Stabilization; Rent Stabilization
Advisory Committee; HPHA; DCCA; LRB

Description:

Establishes a rent stabilization law applicable to all rental units that are designed for rental use or are rented, with certain exceptions. Establishes the rent stabilization advisory committee to be headed by the executive director of the Hawaii public housing authority and director of commerce and consumer affairs. Requires the legislative reference bureau to conduct a study on actions that other states have taken to incentivize landlords to stabilize rents.

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