

JAN 17 2025

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 acknowledges that according to
2 the American Community Survey (ACS), median rent in Hawaii was
3 \$1,868 in 2022, the highest in the nation and \$600 more than the
4 national average. This has serious impacts on economic and
5 housing security for the approximately forty per cent of Hawaii
6 households who rent. According to university of Hawaii economic
7 research organization, in 2024, roughly fifty-six per cent of
8 renters were rent burdened, meaning they spend more than thirty
9 per cent of their income on rent. Of those rent burdened
10 households, twenty-eight per cent were severely burdened,
11 meaning that they spend more than half of the income on rent.

12 The legislature finds that average rents rose roughly
13 eleven per cent between April 2023 and April 2024, with some
14 markets experiencing much more drastic and disruptive increases.
15 Unexpected and drastic rent increases can be highly detrimental
16 to the financial stability and housing security of tenants, even
17 resulting in displacement and homelessness. Research shows that



1 residential instability has negative impacts on mental health,
2 educational attainment, and economic well-being.

3 The legislature further finds that anti-gouging laws can
4 protect long-term renters from displacement due to excessive
5 rent increase. Anti-gouging laws are broad protections that set
6 caps on rent increases to protect renters from the most drastic
7 rises in housing costs.

8 The purpose of this Act is to improve housing stability for
9 renters and prevent displacement by prohibiting landlords from
10 increasing the gross rental rate by a certain amount over the
11 course of twelve months.

12 SECTION 2. Chapter 521, Hawaii Revised Statutes, is
13 amended by adding a new section to part II be appropriately
14 designated and to read as follows:

15 **"§521- Gross rental rates; limitations on increases.**

16 (a) Notwithstanding any other law to the contrary, subject to
17 subsection (c), no landlord shall, over the course of any
18 twelve-month period, increase the gross rental rate for a
19 dwelling unit by more than the lesser of:

20 (1) Seven per cent plus the percentage change in the cost
21 of living over the twelve-month period; or



1 (2) Ten per cent;
2 provided that if the annual allowable increase does not
3 completely cover a landlord's yearly increase in operating and
4 maintenance expenses for a property, a landlord may increase the
5 base rent up to an additional seven per cent.

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

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

19 (c) A tenant shall not enter into a sublease that results
20 in a total rent for the dwelling unit that exceeds the allowable
21 gross rental rate authorized by subsection (a). Nothing in this



1 section shall authorize a tenant to sublet or assign the
2 tenant's interest in the dwelling unit where otherwise
3 prohibited.

4 (d) The landlord shall provide written notice to the
5 tenant of any increase in the rental rate sixty days before the
6 effective date of the rate increase; provided that this
7 subsection shall not apply when the tenancy is from month to
8 month or less than month to month.

9 (e) This section shall not apply to rental housing
10 projects funded or operated by a government agency.

11 (f) For purposes of this section:

12 "Operating and maintenance expense" includes repairs,
13 maintenance, pest control, garbage, and water expenses.

14 "Operating and maintenance expense" does not include real
15 property taxes, electric, gas, and management expenses.

16 "Percentage change in the cost of living" means the
17 percentage change in the regional Consumer Price Index in which
18 the dwelling unit is located, as published by the United States
19 Bureau of Labor Statistics, from the month of the notice and
20 twelve months before the notice. If a regional index is not
21 available, the Consumer Price Index, for All Urban Consumers,



1 All Items, for Urban Hawaii and United States, as determined by
2 the department of business, economic development, and tourism,
3 shall apply."

4 SECTION 3. New statutory material is underscored.

5 SECTION 4. This Act shall take effect upon its approval
6 and shall apply to rental agreements entered into or renewed
7 before, on, and after the effective date of this Act.

8

INTRODUCED BY:

Karl Rhoads



S.B. NO. 1056

Report Title:

Landlord-Tenant Code; Rent Increases; Restriction

Description:

Restricts how much and how often a landlord may increase rent over the course of a twelve month period.

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