
A BILL FOR AN ACT

RELATING TO THE HAWAII HOMES FOR HAWAII FAMILIES ACT.

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

1 SECTION 1. The legislature finds that the State of Hawaii
2 is experiencing an ongoing housing crisis characterized by
3 rising home prices, limited inventory, and declining rates of
4 home ownership among local residents. Single-family homes,
5 which have historically served as the primary entry point to
6 homeownership for Hawaii families, are increasingly being
7 removed from the owner-occupant market and converted into long
8 or short-term rental properties.

9 The legislature further finds that owner-occupied housing
10 is a cornerstone of stable, healthy neighborhoods. When homes
11 are owned and occupied by the people who live in them,
12 communities benefit from greater residential stability, stronger
13 social ties, increased civic engagement, and improved public
14 safety. Owner-occupants are more likely to maintain their
15 properties, invest in their neighborhoods, participate in
16 schools and community organizations, and remain in their homes
17 for longer periods of time.



1 The legislature recognizes that the concentration of
2 single-family homes in the hands of large-scale owners,
3 particularly corporate entities and high-volume investors, can
4 undermine neighborhood stability. High levels of non-owner-
5 occupied housing are associated with increased tenant turnover,
6 reduced community cohesion, and diminished opportunities for
7 local families to purchase homes and build generational wealth.

8 The legislature further finds that large-scale acquisition
9 of single-family homes for rental purposes reduces the supply of
10 homes available to owner-occupants, contributes to upward
11 pressure on housing prices, and disadvantages local residents
12 who seek to purchase homes for their own use. These impacts are
13 particularly acute in Hawaii, where land is finite and housing
14 scarcity is severe.

15 The legislature acknowledges that small-scale rental
16 ownership can serve an important role in the housing market but
17 finds that unchecked accumulation of single-family homes by
18 large owners poses a significant threat to homeownership
19 opportunities and neighborhood stability. Reasonable limits on
20 the number of single-family homes that may be held as rental



1 properties by large owners are necessary to protect the long-
2 term health of Hawaii's communities.

3 Accordingly, the purpose of this Act, known as the Hawaii
4 Homes for Hawaii Families Act, is to preserve and expand
5 opportunities for owner-occupancy, promote stable and resilient
6 neighborhoods, prevent excessive consolidation of single-family
7 homes into rental portfolios, and ensure that Hawaii's limited
8 housing stock serves the needs of residents who seek to live,
9 work, and remain in their communities.

10 SECTION 2. Chapter 516, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 "§516- Single Family Home Rentals; Restrictions. (a)
14 Beginning five years after the effective date of this Act, the
15 corporate owner of a single family home is prohibited from
16 renting the home out to a residential tenant when:

17 (1) The owner has a property interest in five or more
18 single-family non-owner-occupied properties that have
19 a current residential tenant, or are available for
20 rent or have been rented within the last twelve months
21 by a residential tenant; and



1 (2) The owner is not a named exception to this restriction
2 under paragraph (c).

3 (b) The individual owner of a single-family home is
4 prohibited from renting the home to a residential tenant when
5 the owner has a property interest in seven or more single-family
6 non-owner-occupied properties that have a current residential
7 tenant, or are available for rent or have been rented within the
8 last twelve months by a residential tenant and the owner is not
9 a named exception to this restriction under paragraph (c).

10 (c) The owner or corporate owner of a single-family home
11 is exempt from this section, if the owner is:

- 12 (1) A local, state, or federal unit of government,
13 including a state or federal agency;
- 14 (2) A land trust under section 558;
- 15 (3) A charitable, religious, or nonprofit organization;
- 16 (4) The owner of a home licensed or regulated under
17 chapter 346;
- 18 (5) An employer and the home is a home rented by the
19 employer to an employee;



1 (6) A corporation primarily engaged in housing development
2 through the construction and rehabilitation of single-
3 family residences; or
4 (7) A mortgage note holder that owns the single-family
5 residences through foreclosure.
6 (d) An owner or a corporate owner may apply for an
7 exemption from this section with the director of taxation. The
8 director may issue an exemption if:
9 (1) The exemption to the corporate owner would not have an
10 impact upon the availability of affordable housing;
11 and
12 (2) The exemption does not limit the supply of affordable,
13 safe single-family homes available to purchasers who
14 plan to be owner-occupants.
15 The director shall have sixty days from the time an application
16 for exemption is filed to determine if the exemption shall be
17 granted. The corporate owner may make a request for
18 reconsideration if the application has been denied and the
19 director or their designee must meet with the corporate owner
20 within ten days of the request for reconsideration and make a
21 determination on that request within twenty days of the request.



1 The department of taxation may charge a reasonable fee to
2 process applications for exemptions and renewals of exemptions
3 under this section. Each corporate owner that is issued an
4 exemption under this section shall file an annual request to
5 continue the exemption. The agency shall grant the request if
6 the applicant continues to meet the criteria. If a corporate
7 owner fails to meet the criteria, the director shall withdraw
8 the exemption, and the corporate owner is subject to enforcement
9 proceedings under this section. In making determinations, the
10 director shall consider available records for licensure under
11 chapter 237.

12 (e) The director shall submit a report with a list of each
13 corporate owner that is issued an exemption under this section
14 to the legislature no later than twenty days prior to the
15 convening of each regular session.

16 (f) If the attorney general or a local government has
17 reason to believe that a corporate owner has violated this
18 section, or has taken substantial steps to purchase real
19 property with the intent to rent that property in violation of
20 this section, then the attorney general shall commence an action



1 in the district court in which any real property related to the
2 violation is situated.

3 (g) Beginning five years after the effective date of this
4 Act, an owner or corporate owner that rents a single-family home
5 in excess of the ownership limits established under this section
6 shall be subject to a civil penalty to be assessed as follows:

7 (1) One per cent of the property's assessed value for the
8 first year of noncompliance;

9 (2) Two per cent of the property's assessed value for the
10 second year of noncompliance;

11 (3) Three per cent of the property's assessed value for
12 the third year of noncompliance; and

13 (4) Each single-family home in excess of the ownership
14 limits established under this section shall be
15 considered a separate violation.

16 Provided that, no civil penalty shall be imposed unless the
17 owner has received written notice of noncompliance and has been
18 provided not less than twelve months to cure the violation.

19 (h) The civil penalty imposed under this section shall not
20 be considered an operating expense and shall not be passed



1 through to a tenant, whether directly or indirectly, including
2 through rent increases, fees, or other charges.

3 (1) Any rent increase imposed within twelve months
4 following the imposition off a surcharge under this
5 subsection shall be presumed to be an unlawful pass-
6 through unless the owner demonstrates by clear and
7 convincing evidence that the increase was unrelated to
8 the civil penalty.

9 (i) Nothing in this section shall be construed to require
10 the sale of property at below-market value or to prohibit owner-
11 occupancy of a single-family home.

12 (j) Revenues collected pursuant to this subsection shall
13 be deposited into the affordable homeownership revolving fund.

14 (k) The attorney general, shall adopt rules pursuant to
15 chapter 91 to administer and enforce this section.

16 For the purposes of this section:

17 "Charitable, religious, or nonprofit organization" means
18 any organization which was organized and is operating in the
19 State for charitable or religious purposes or to promote social
20 welfare, which is exempt from income taxation under chapter 235.



1 "Corporate owner" means any person, partnership, company,
2 corporation, or organization. Corporate owner does not include
3 an individual who is a natural person, a married couple, or a
4 trust for the benefit of a natural person, married couple, or a
5 trust where the majority of the beneficiaries are related by
6 law.

7 "Property interest" means any legal, equitable, or
8 beneficial ownership interest, whether held directly or
9 indirectly, including through partnership, limited liability
10 company, trust, or other entity under common ownership or
11 control.

12 "Residential tenant" means a person who is occupying a
13 dwelling in a residential building under a lease or contract,
14 whether oral or written, that requires the payment of money or
15 exchange of services, or all other regular occupants of that
16 dwelling unit.

17 "Single-family home" is a single home including a unit of a
18 condominium as defined by section 514B-3."

19 SECTION 3. New statutory material is underscored.

20 SECTION 4. This Act shall take effect on July 1, 2026.

21



H.B. NO. 2351

INTRODUCED BY:



JAN 26 2026



H.B. NO. 2551

Report Title:

Corporate Ownership; Housing Stock; Restrictions; Homeownership

Description:

Prohibits corporate owners from renting a single-family home to a residential tenant when the owner has a property interest in five or more such properties. Prohibits individual owners from renting a single-family home to a residential tenant when the owner has a property interest in seven or more such properties. Allows for exemptions and enforcement.

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

