

JAN 23 2026

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# A BILL FOR AN ACT

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RELATING TO RENT STABILIZATION.

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

1       SECTION 1. The legislature finds that Hawaii continues to  
2 face a severe housing shortage, and that rapidly rising rents  
3 have outpaced wage growth for residents. Rent stabilization is  
4 a recognized tool for reducing involuntary displacement and  
5 allowing moderate- and low-income households to remain in their  
6 communities without discouraging responsible property ownership  
7 or maintenance.

8       The legislature further finds that residential rental  
9 housing constitutes a significant portion of the State's housing  
10 stock. Rental households include a substantial number of  
11 families with children, kupuna, persons with disabilities, and  
12 essential workers. According to the department of business,  
13 economic development, and tourism, median rents in Hawaii  
14 increased by over forty per cent between 2019 and 2024, while  
15 median household incomes rose by less than twenty per cent  
16 during the same period.



1           The United States Census Bureau (American Community Survey  
2 2024) reports that over forty per cent of Native Hawaiian  
3 households rent their homes and that more than half of these  
4 households spend thirty per cent or more of their income on  
5 rent, meeting the federal definition of cost burdened. Rent  
6 increases that significantly exceed wage growth contribute to  
7 housing insecurity, migration of working families to the  
8 continental United States, and increased homelessness.

9           Reasonable limitations on annual rent increases are  
10 consistent with the State's housing policy objectives under  
11 chapter 201H, Hawaii Revised Statutes, which seek to ensure  
12 affordable and stable housing for all residents while  
13 maintaining a healthy rental market. Other jurisdictions have  
14 successfully implemented rent stabilization frameworks,  
15 including California (Assembly Bill 1482 (2019) and Senate Bill  
16 567 (2023)), Oregon (Senate Bills 608 (2019) and 611 (2023)),  
17 and Washington (House Bill 1217 (2025)), which cap annual rent  
18 increases at between five and ten per cent. These laws  
19 demonstrate that such policies can coexist with continued  
20 investment in new housing supply.



1        Given Hawaii's limited land availability, high construction  
2        costs, and geographic constraints, a more conservative three per  
3        cent annual cap is warranted to stabilize the rental market  
4        while allowing landlords to recoup reasonable costs.

5        Establishing a statewide standard for rent stabilization within  
6        the landlord-tenant framework of chapter 521, Hawaii Revised  
7        Statutes, will provide clarity for both tenants and landlords  
8        and can be implemented without undue administrative burden.

9        Accordingly, the purpose of this Act is to amend the  
10       landlord-tenant code to establish a reasonable statewide limit  
11       on annual rent increases to promote housing stability and  
12       prevent price shocks that contribute to displacement and  
13       homelessness.

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

17       "§521-       Annual limitation on rent increases.    (a)   No  
18       landlord shall increase the rent for any dwelling unit by more  
19       than three per cent in any twelve-month period.



1        (b) A landlord shall not impose any rent increase during  
2 the first twelve months immediately following the commencement  
3 of a tenancy.

4        (c) Any rent increase in violation of this section shall  
5 be void and unenforceable. A tenant may assert a violation of  
6 this section as a defense in any action for summary possession  
7 or other proceeding under this chapter.

8        (d) This section shall not apply to:

9        (1) The initial rental rate of a new tenancy; provided  
10 that the tenant was not a tenant in the same dwelling  
11 unit within the preceding twelve months;

12        (2) Dwelling units that are subject to rent restrictions  
13 pursuant to federal, state, or county affordable  
14 housing or subsidy programs; provided that the  
15 restrictions are equal to or more protective of the  
16 tenant;

17        (3) A dwelling unit located on the same parcel as an  
18 owner-occupied principal residence, where the owner is  
19 a natural person and rents no more than two dwelling  
20 units or bedrooms on that parcel; or



1       (4) Rental units located on a kuleana parcel, as evidenced  
2       by record title, when the parcel includes the owner's  
3       principal residence.

4       (e) Any landlord claiming an exemption under subsection  
5       (d) shall provide written notice of the exemption to both the  
6       tenant and the department of commerce and consumer affairs  
7       office of consumer protection, on a form prescribed by the  
8       department. The notice shall identify the specific exemption  
9       claimed and include documentation supporting eligibility.

10       Failure to provide this notice shall render the exemption void  
11       and subject the landlord to this section.

12       (f) Any landlord who knowingly demands or retains rent in  
13       excess of the amount permitted under this section or falsely  
14       claims an exemption under subsection (d) shall be deemed to have  
15       committed an unfair or deceptive act or practice under  
16       section 480-2.

17       (g) Any notice of rent increase issued pursuant to this  
18       section shall be in writing and shall state the amount of the  
19       existing rent, the amount of the proposed rent, the percentage  
20       increase, and the effective date of the increase."

21       SECTION 3. New statutory material is underscored.



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

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INTRODUCED BY:   
By Request



# S.B. NO. 2539

**Report Title:**

Office of Hawaiian Affairs Package; Rent Stabilization;  
Landlord-Tenant Code; Consumer Protection

**Description:**

Establishes a statewide 3% annual limit on rent increases under chapter 521, Hawaii Revised Statutes. Prohibits rent increases during the first 12 months of a tenancy and requires notice and certification for exempt properties.

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

