A BILL FOR AN ACT

RELATING TO RENT CONTROL.

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

SECTION 1. Chapter 521, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART 5. RENT CONTROL

§521-A Rent increase; restrictions. (a) A landlord of a dwelling unit shall not, over the course of any twelve-month period, increase the gross rental rate for a dwelling unit more than five per cent plus the percentage change in the cost of living, or ten per cent, whichever is lower, of the lowest gross rental rate charged for that dwelling unit at any time during the twelve months prior to the effective date of the increase. In determining the lowest gross rental rate for purposes of this section, any rent discounts, incentives, concessions, or credits offered by the landlord of the dwelling unit and accepted by the tenant shall be excluded. The monthly gross rental rate and any landlord-offered discounts, incentives, concessions, or credits shall be separately listed and identified in the lease or rental
agreement or any amendments to an existing lease or rental agreement.

(b) If the same tenant remains in occupancy of a dwelling unit over any twelve-month period, the gross rental rate for the dwelling unit shall not be increased more than twice over that twelve-month period, subject to other restrictions of this section governing rental rate increases.

(c) For a new tenancy in which no tenant from the prior tenancy remains in lawful possession of the dwelling unit, the landlord may establish the initial rental rate not subject to subsection (a). Subsection (a) applies only to subsequent increases after the initial rental rate has been established.

(d) A tenant of a dwelling unit subject to this section shall not enter into a sublease that results in a total rent for the premises that exceeds the allowable rental rate authorized by subsection (a). Nothing in this subsection authorizes a tenant to sublet or assign the tenant's interest where otherwise prohibited.

(e) For purposes of this section, "percentage change in the cost of living" means the percentage change from April 1 of the prior year to April 1 of the current year in the regional
Consumer Price Index for all urban consumers of the region where
the dwelling unit is located, as published by the United States

§521-B Exclusions from application of part. This part
shall not apply to:

(1) Housing restricted by deed, regulator restriction
    contained in an agreement with a government agency, or
    other recorded document as affordable housing for an
    individual or family of very low, low, or moderate
    income or subject to an agreement that provides
    housing subsidies for affordable housing for an
    individual or family of very low, low, or moderate
    income;

(2) Housing subject to rent or price control through a
    public entity's valid exercise of its police power
    that restricts annual increases in the rental rate to
    an amount less than provided pursuant to section
    521-A;

(3) Housing that has been issued a certificate of
    occupancy within the previous fifteen years;
Dwelling unit that is alienable separate from the title to any other dwelling unit; provided that:

(A) The landlord is not:

(i) A real estate investment trust, as defined in section 856 of the Internal Revenue Code of 1986, as amended;

(ii) A corporation; or

(iii) A limited liability company in which at least one member is a corporation; and

(B) The tenants have been provided written notice that the dwelling unit is exempt from the provisions of this part and containing the following language: "This property is not subject to the rent limits imposed by section 521-A, Hawaii Revised Statutes. This property meets the requirements of section 521-B(4), Hawaii Revised Statutes, and the landlord is not any of the following: a real estate investment trust, as defined by section 856 of the Internal Revenue Code; a corporation; or a limited liability company in which at least one member is
a corporation.". For a tenancy existing before July 1, 2021, the noticed required under this subparagraph may be provided in the rental agreement. For a tenancy commenced or renewed on or after July 1, 2021, the noticed required under this subparagraph shall be provided in the rental agreement; and

(5) A duplex in which the landlord occupies one of the units as the landlord's principal place of residence at the beginning of the tenancy, so long as the landlord continues to occupy the duplex as the landlord's principal place of residence.

§521-C Application of part. (a) This part shall apply to all rent increases subject to section 521-A occurring on or after March 15, 2020. If a landlord has increased the rent by more than the amount permissible under section 521-A between March 15, 2020, and January 1, 2021, the following shall apply:

(1) The applicable rent on January 1, 2021, shall be the rent as of March 15, 2020, plus the maximum permissible increase under section 521-A; and
(2) A landlord shall not be liable to the tenant for any corresponding rent overpayment.

(b) A landlord of a dwelling unit subject to section 521-A who increased the rental rate on that dwelling unit on or after March 15, 2020, but prior to January 1, 2021, by an amount less than the rental rate increase permitted under section 521-A shall be allowed to increase the rental rate twice, notwithstanding section 521-A(b), within twelve months of March 15, 2020; provided that the rental rate increase shall not exceed the maximum gross rental rate increase allowed under section 521-A.

§521-D Notice of increase. A landlord shall provide notice of any increase in the rental rate in accordance with section 521-21.

§521-E Waiver of rights. Any waiver of the rights under this part shall be void as contrary to public policy.

§521-F Miscellaneous provisions. (a) This part is not intended to expand or limit the authority of counties to establish ordinances regulating rents.

(b) Nothing in this part authorizes a county to establish limitations on any rental rate increases not otherwise
permissible by law or adopt or maintain rent controls or price controls not consistent with this part."

SECTION 2. The office of consumer protection shall submit an interim report of the effectiveness of this Act to the legislature on or before January 1, 2025, and a final report no later than twenty days prior to the convening of the regular session of 2031. The report shall include but not be limited to the impact of the rental rate cap pursuant to section 521-A, Hawaii Revised Statutes, on the housing market within the State.

SECTION 3. In codifying the new sections added by section 1 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 4. This Act shall take effect upon its approval and shall be repealed on December 31, 2030.

INTRODUCED BY:
Report Title:
Rent Restrictions; Rent Control

Description:
Prohibits landlords from increasing rent above a certain percentage over any twelve-month period. Establishes provisions for rent control. Excludes certain properties from rent control. Requires a report regarding the effectiveness of rent control in the State. Repeals on 12/31/2030.

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