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## 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 finds that housing insecurity  
2 deeply impacts families in the State, partially because nearly a  
3 quarter of all home purchases in Hawaii are made by out-of-state  
4 buyers. The legislature further finds that past public policy  
5 addressing housing insecurity focused primarily on building  
6 additional affordable housing without complementary measures  
7 addressing shrinking rental markets and increasing rental rates.  
8 While policies encouraging the building of more affordable  
9 housing units and ensuring those units remain affordable should  
10 continue, equal attention must be paid to providing tenants with  
11 protection from displacement or eviction. Adjusting for  
12 inflation, a renter in 2018 paid nearly \$8,100 more per year  
13 than a renter in 1980; additional regulation of the rental  
14 market is required to ensure that housing units remain  
15 affordable and grounded in the State's local economy, rather  
16 than in national circuits of real estate investment and  
17 speculation.



1           The legislature also finds that implementing basic  
2 regulatory measures on rent increases can prevent rent-gouging,  
3 which in turn can prevent working families from losing their  
4 housing. Research shows that these anti-rent gouging measures  
5 have little negative impact on housing construction and can make  
6 regulated and non-regulated units more affordable. Anti-rent  
7 gouging measures have also been shown to promote resident  
8 stability, which is associated with physical, social, and  
9 psychological well-being.

10           The legislature additionally finds that many renters in  
11 Hawaii lose their housing through processes that never register  
12 as evictions because they happen at the end of a lease term,  
13 while other renters are subjected to retaliatory or  
14 discriminatory evictions. These no-cause evictions are highly  
15 disruptive to the lives of tenants, and are a cause of poverty  
16 and financial insecurity. Just cause eviction policies,  
17 including local ordinances and state laws, are a form of tenant  
18 protection that are designed to prevent these forms of  
19 displacement by establishing that landlords may only evict  
20 tenants for certain reasons, such as failure to pay rent. These  
21 policies also allow no-fault evictions but require the landlord



1 to pay relocation benefits for the tenants. Just cause eviction  
2 policies are valuable tools to prevent displacement,  
3 particularly in places with overheated real estate markets,  
4 where landlords often evict existing tenants to renovate their  
5 buildings and attract wealthier renters at higher prices.

6 The purpose of this Act is to:

- 7 (1) Prohibit landlords from terminating certain tenancies  
8 without just cause;
- 9 (2) Require landlords, when terminating a tenancy based on  
10 no-fault just cause, to offer relocation assistance to  
11 the tenant or waiver of the final month's rent;
- 12 (3) Prohibit landlords from, over the course of any  
13 twelve-month period, increasing the gross rental rate  
14 for a dwelling unit more than three per cent plus the  
15 percentage change in the cost of living, as defined,  
16 or ten per cent, whichever is lower, of the lowest  
17 gross rental rate charged for the immediately  
18 preceding twelve months;
- 19 (4) Establish the Hawaii rent board to publish, oversee,  
20 and enforce annual rent adjustments and conduct rental



1 arbitration hearings, mediations, and investigatory  
2 hearings on reports of alleged wrongful evictions; and  
3 (5) Establish the rent stabilization special fund to fund  
4 and support the Hawaii rent board.

5 SECTION 2. Chapter 521, Hawaii Revised Statutes, is  
6 amended by adding four new sections to be appropriately  
7 designated and to read as follows:

8 **"§521-A Termination of tenancy; holdover tenants; just**  
9 **cause; relocation assistance.** (a) Notwithstanding any other  
10 law to the contrary, after a tenant has continuously and  
11 lawfully occupied a dwelling unit for twelve months, the  
12 landlord shall not terminate the tenancy without just cause,  
13 which shall be stated in the written notice to terminate the  
14 tenancy.

15 (b) If any additional adult tenants are added as parties  
16 to the rental agreement before an existing tenant has  
17 continuously and lawfully occupied the dwelling unit for  
18 twenty-four months, then subsection (a) shall only apply if:

19 (1) All of the tenants have continuously and lawfully  
20 occupied the dwelling unit for twelve months or more;  
21 or



1       (2) One or more of the tenants have continuously and  
2           lawfully occupied the dwelling unit for twenty-four  
3           months or more.

4       (c) When terminating a tenancy for just cause, the  
5       landlord shall comply with all applicable notice requirements  
6       and, where applicable, shall provide the tenant reasonable time  
7       to remedy the noncompliance as required by this chapter.

8       (d) Subsection (a) shall not apply if the landlord has  
9       provided a written notice of an intent to terminate the tenancy  
10       at the end of the term of a fixed-term rental agreement;  
11       provided that the written notice shall be provided no later than  
12       forty-five days prior to the end of the term of the fixed-term  
13       rental agreement.

14       (e) For a tenancy for which just cause is required to  
15       terminate the tenancy under subsection (a), if the landlord  
16       issues a notice to terminate the tenancy based on no-fault just  
17       cause, the landlord shall, regardless of the tenant's income, at  
18       the landlord's option, do one of the following:

19           (1) Assist the tenant to relocate by providing direct  
20           payment to the tenant equal to one month of the  
21           tenant's rent that was in effect when the landlord



1           issued the notice to terminate the tenancy; provided  
2           that the direct payment shall be provided within  
3           fifteen calendar days of service of the notice; or

4           (2) Waive the payment of rent for the final month of the  
5           tenancy, prior to the rent becoming due.

6           (f) If the landlord issues a notice to terminate a tenancy  
7           for no-fault just cause, the landlord shall notify the tenant of  
8           the tenant's right to relocation assistance or rent waiver  
9           pursuant to this section. If the landlord elects to waive the  
10          rent for the final month of the tenancy as provided under  
11          subsection (e) (2), the notice shall state the amount of the rent  
12          waived and that no rent is due for the final month of the  
13          tenancy.

14          (g) If the tenant fails to vacate the dwelling unit after  
15          the expiration of the notice to terminate the tenancy, the  
16          actual amount of any relocation assistance or rent waiver  
17          provided pursuant to this section shall be recoverable as  
18          damages in an action or proceeding to recover possession.

19          (h) Failure by a landlord to strictly comply with  
20          subsection (e) or (f) shall render the notice of to terminate  
21          the tenancy void.



1 §521-B Gross rental rates; limitations on increases; fees.

2 (a) Subject to subsection (c), a landlord shall not, over the  
3 course of any twelve-month period, increase the gross rental  
4 rate for a dwelling unit by more than the lesser of:

5 (1) Three per cent plus the percentage change in the cost  
6 of living over the twelve-month period; or

7 (2) Ten per cent.

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

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



1       (c) Subsection (a) shall not apply to the initial rate  
2 agreed upon in a new rental agreement for which no tenant from  
3 the prior tenancy remains in lawful possession of the dwelling  
4 unit; provided that subsection (a) shall apply to any subsequent  
5 increase after the initial rate has been established in the  
6 rental agreement.

7       (d) A tenant shall not enter into a sublease that results  
8 in a total rent for the dwelling unit that exceeds the allowable  
9 gross rental rate authorized by subsection (a). Nothing in this  
10 section shall authorize a tenant to sublet or assign the  
11 tenant's interest in the dwelling unit where otherwise  
12 prohibited.

13       (e) The landlord shall provide written notice to the  
14 tenant of any increase in the rental rate thirty days prior to  
15 the effective date of the rate increase. The notification shall  
16 be in no less than twelve-point type and in the following form:

17       "Hawaii law limits the amount your rent can be increased.  
18 Hawaii law also provides that after all of the tenants have  
19 continuously and lawfully occupied the property for twelve  
20 months or more, or at least one of the tenants has continuously  
21 and lawfully occupied the property for twenty-four months or





1 more, a landlord must provide a statement of cause in any notice  
2 to terminate a tenancy."

3 (f) For rental agreements entered into or renewed on or  
4 after January 1, , an annual fee of \$ shall be  
5 assessed on all rental units covered by this section, to be paid  
6 into the rent stabilization special fund established under  
7 section 521-D.

8 (g) At the beginning of the rental agreement, and annually  
9 thereafter for as long as the tenancy persists, the landlord may  
10 impose a charge of up to fifty per cent of the fee required by  
11 subsection (f); provided that this charge shall not be included  
12 in the calculation of the gross rental rate and the amount shall  
13 be clearly set out as a separate charge.

14 (h) For purposes of this section, "percentage change in  
15 the cost of living" means the percentage change in the regional  
16 Consumer Price Index in which the dwelling unit is located, as  
17 published by the United States Bureau of Labor Statistics, from  
18 the month of the notice and twelve months prior to the notice.  
19 If a regional index is not available, the Consumer Price Index,  
20 for All Urban Consumers, All Items, for Urban Hawaii and United



1 States, as determined by the department of business, economic  
2 development, and tourism, shall apply.

3 §521-C Hawaii rent board. (a) There is established the  
4 Hawaii rent board to publish, oversee, and enforce annual rent  
5 adjustments and conduct rental arbitration hearings, mediations,  
6 and investigatory hearings on reports of alleged wrongful  
7 evictions.

8 (b) The board shall consist of seven members, appointed by  
9 the governor, and an alternate for each specific member. The  
10 members shall consist of the following:

11 (1) Three landlords, one of whom shall be a landlord who  
12 owns residential rental property located on the  
13 islands of Hawaii, Kauai, Lanai, Maui, or Molokai;

14 (2) Three tenants, one of whom shall be a tenant renting a  
15 dwelling unit located on the islands of Hawaii, Kauai,  
16 Lanai, Maui, or Molokai; and

17 (3) One individual who is neither a landlord nor a tenant  
18 and who owns no residential rental property.

19 (c) All members shall be residents of the State and at  
20 least one member shall be of Native Hawaiian descent. At least  
21 three members shall be selected on the basis of their knowledge,



1 experience, and expertise in landlord-tenant law or alternative  
2 dispute resolution.

3 (d) Board members shall disclose all present holdings and  
4 interests in real property, including interests in corporations,  
5 trusts, or other entities with real property holdings.

6 (e) Members shall be appointed for a term of four years;  
7 provided that the original members shall be for staggered terms,  
8 as determined by the governor.

9 (f) Members shall appoint a chairperson who shall be  
10 responsible for the administrative functions of the board.

11 (g) The board shall be solely funded and supported by the  
12 rent stabilization special fund, established pursuant to section  
13 521-D. Members of the board shall serve without compensation  
14 but shall be reimbursed for expenses, including travel expenses,  
15 necessary for the performance of their duties.

16 (h) Any action taken by the board shall be by a simple  
17 majority of the members of the board. All decisions of the  
18 board shall be reduced to writing and shall state separately the  
19 board's findings of fact and conclusions. Any vacancy on the  
20 board shall not impair the authority of the remaining members to  
21 exercise all the powers of the board. If a member is



1 unavailable to vote, the specific alternate for that member  
2 shall be seated and vote as a substitute alternate.

3 (i) The board may contract for services to assist in  
4 performing the functions of the board.

5 (j) The board shall be within the department of commerce  
6 and consumer affairs for administrative and budgetary reasons  
7 only. All members of the board shall be exempt from chapters 76  
8 and 89.

9 (k) No later than twenty days prior to the convening of  
10 each regular session, the board shall submit a report to the  
11 governor and legislature that includes a description of the  
12 activities of the board, including the outcome of any  
13 arbitration, mediation, or investigatory hearings.

14 **§521-D Rent stabilization special fund.** (a) There is  
15 established a rent stabilization special fund into which shall  
16 be deposited all fees collected pursuant to section 521-B(f).

17 (b) Moneys in the rent stabilization special fund shall be  
18 used to fund and support the activities of the Hawaii rent board  
19 established pursuant to section 521-C."



1 SECTION 3. Section 521-8, Hawaii Revised Statutes, is  
2 amended by adding three new definitions to be appropriately  
3 inserted and to read as follows:

4 "At-fault just cause" means the termination of a tenancy  
5 for any of the following on the part of a tenant:

- 6 (1) Failing to pay rent;
- 7 (2) Breaching the tenant's obligations under section  
8 521-52;
- 9 (3) Committing any act, or causing any condition to exist,  
10 within the dwelling unit or upon the premises, which  
11 act or condition constitutes a nuisance as defined in  
12 section 712-1270;
- 13 (4) Committing waste or failing to maintain the premises  
14 as described in section 521-51;
- 15 (5) For tenants with a written rental agreement that  
16 terminated on or after January 1, , and after a  
17 written request or demand from the landlord, refusing  
18 to execute a written extension or renewal of the  
19 rental agreement for an additional term of similar  
20 duration with similar provisions; provided that those



- 1           terms do not violate this chapter or any other  
2           provision of law;
- 3           (6) Engaging in criminal activity within the dwelling unit  
4           or upon the premises;
- 5           (7) Engaging in any criminal activity or terroristic  
6           threatening, on or off the premises, that is directed  
7           at the landlord;
- 8           (8) Assigning or subletting the dwelling unit or premises  
9           in violation of the rental agreement;
- 10          (9) Refusing to allow the landlord to access the dwelling  
11          unit as provided in section 521-53(a); or
- 12          (10) Failure by the tenant to deliver possession of the  
13          dwelling unit to the landlord after providing the  
14          landlord with written notice of the tenant's intention  
15          to terminate the rental agreement as provided by  
16          section 521-71(b).

17           "Just cause" means the termination of a tenancy for either  
18 at-fault just cause or no-fault just cause.

19           "No-fault just cause" means the termination of a tenancy  
20 for any of the following on the part of the landlord:



- 1       (1) Intending to occupy the dwelling unit or intending for  
2       the landlord's spouse, domestic partner, children,  
3       grandchildren, parents, or grandparents to occupy the  
4       dwelling unit; provided that for rental agreements  
5       entered into on or after July 1, \_\_\_\_\_, this paragraph  
6       shall only apply if the tenant agrees in writing to  
7       the termination of the tenancy, or if a provision of  
8       the rental agreement allows for the landlord to  
9       terminate the tenancy if the landlord or the  
10       landlord's spouse, domestic partner, children,  
11       grandchildren, parents, or grandparents unilaterally  
12       decide to occupy the dwelling unit; provided further  
13       that the addition of a provision allowing the landlord  
14       to terminate the tenancy as described in this  
15       paragraph to a new or renewed rental agreement or  
16       fixed-term lease shall constitute a similar provision  
17       as described in paragraph (5) of the definition of  
18       "at-fault just cause";
- 19       (2) Withdrawing of the dwelling unit from the rental  
20       market;



- 1       (3) Complying with an order by a government agency or  
2       court that necessitates the vacating of the dwelling  
3       unit for habitability or other reasons; provided that  
4       if the government agency or court finds that the  
5       tenant is at fault for the condition or conditions  
6       triggering the order to vacate, the tenant shall not  
7       be entitled to relocation assistance as outlined in  
8       section 521-A(e);
- 9       (4) Intending to demolish or substantially remodel the  
10       residential property. For purposes of this  
11       definition, "substantially remodel" means the  
12       replacement or substantial modification of any  
13       structural, electrical, plumbing, or mechanical system  
14       that requires a permit from a government agency, or  
15       the abatement of hazardous materials, including lead-  
16       based paint, mold, or asbestos, in accordance with  
17       applicable federal, state, and local laws, that cannot  
18       be reasonably accomplished in a safe manner with the  
19       tenant in place and that requires the tenant to vacate  
20       the dwelling unit for at least thirty days.  
21       "Substantially remodel" does not include cosmetic





1           improvements alone, including painting, decorating,  
2           and minor repairs, or other work that can be performed  
3           safely without having the dwelling unit vacated;  
4           (5) Converting of the dwelling unit to a condominium  
5           property regime under chapter 514B; or  
6           (6) Changing the use of the dwelling unit to transient  
7           vacation rentals."

8           SECTION 4. Section 521-21, Hawaii Revised Statutes, is  
9 amended to read as follows:

10           1. By amending subsection (a) to read:

11           "(a) The landlord and tenant may agree to any  
12 consideration, not otherwise prohibited by law, as rent. In the  
13 absence of such agreement, and subject to section [~~521-71(e)~~]  
14 521-71(g), in the case of holdover tenants, or section 521-B,  
15 the tenant shall pay to the landlord the fair rental value for  
16 the dwelling unit."

17           2. By amending subsection (d) to read:

18           "(d) [~~When~~] Subject to section 521-B, when the tenancy is  
19 from month to month, the amount of rent for such tenancy shall  
20 not be increased by the landlord without written notice given



1 forty-five consecutive days prior to the effective date of the  
2 increase."

3 SECTION 5. Section 521-71, Hawaii Revised Statutes, is  
4 amended to read as follows:

5 "**§521-71 Termination of tenancy; [~~landlord's remedies for~~**  
6 **~~holdover tenants.~~ notice.** (a) [~~When the tenancy is month-to-~~  
7 ~~month]~~ Notwithstanding any law to the contrary, when terminating  
8 a tenancy subject to section 521-A for at-fault just cause, the  
9 landlord [~~may terminate the rental agreement by notifying]~~ shall  
10 notify the tenant, in writing, at least forty-five days in  
11 advance of the anticipated termination. When the landlord  
12 provides notification of termination, the tenant may vacate at  
13 any time within the last forty-five days of the period between  
14 the notification and the termination date, but the tenant shall  
15 notify the landlord of the date the tenant will vacate the  
16 dwelling unit and shall pay a prorated rent for that period of  
17 occupation.

18 (b) When the tenancy is month-to-month the tenant may  
19 terminate the rental agreement by notifying the landlord, in  
20 writing, at least twenty-eight days in advance of the  
21 anticipated termination. When the tenant provides notice of



1 termination, the tenant shall be responsible for the payment of  
2 rent through the twenty-eighth day.

3 (c) ~~[Before a landlord terminates a month-to-month tenancy~~  
4 ~~where the landlord contemplates voluntary demolition of the~~  
5 ~~dwelling units, conversion to a condominium property regime~~  
6 ~~under chapter 514B, or changing the use of the building to~~  
7 ~~transient vacation rentals,]~~ Notwithstanding any law to the  
8 contrary, when terminating a tenancy subject to section 521-A  
9 for no-fault just cause, the landlord shall provide notice to  
10 the tenant at least one hundred twenty days in advance of the  
11 anticipated demolition or anticipated termination. If notice is  
12 revoked or amended and reissued, the notice period shall begin  
13 from the date it was reissued or amended. Any notice provided,  
14 revoked, or amended and reissued shall be in writing. When the  
15 landlord provides notification of termination pursuant to this  
16 subsection, the tenant may vacate at any time within the  
17 one-hundred-twenty-day period between the notification and the  
18 termination date, but the tenant shall notify the landlord of  
19 the date the tenant will vacate the dwelling unit and shall pay  
20 a prorated rent for that period of occupation.



1           (d) When the tenancy is less than month-to-month and not  
2 subject to section 521-A, the landlord [~~or the tenant~~] may  
3 terminate the rental agreement by notifying the [~~other~~] tenant  
4 at least ten days before the anticipated termination. The  
5 tenant may terminate a rental agreement for a tenancy that is  
6 less than month-to-month at any time by notifying the landlord  
7 at least ten days before the anticipated termination.

8           (e) When the tenancy is month-to-month and not subject to  
9 section 521-A, the landlord may terminate the rental agreement  
10 by notifying the tenant, in writing, at least forty-five days in  
11 advance of the anticipated termination. When the landlord  
12 provides notification of termination, the tenant may vacate at  
13 any time within the last forty-five days of the period between  
14 the notification and the termination date, but the tenant shall  
15 notify the landlord of the date the tenant will vacate the  
16 dwelling unit and shall pay a prorated rent for that period of  
17 occupation.

18           (f) Before a landlord terminates a month-to-month tenancy  
19 not subject to section 521-A where the landlord contemplates  
20 voluntary demolition of the dwelling units, conversion to a  
21 condominium property regime under chapter 514B, or changing the



1 use of the building to transient vacation rentals, the landlord  
2 shall provide notice to the tenant at least one hundred twenty  
3 days in advance of the anticipated demolition or anticipated  
4 termination. If notice is revoked or amended and reissued, the  
5 notice period shall begin from the date it was reissued or  
6 amended. Any notice provided, revoked, or amended and reissued  
7 shall be in writing. When the landlord provides notification of  
8 termination pursuant to this subsection, the tenant may vacate  
9 at any time within the one hundred twenty day period between the  
10 notification and the termination date, but the tenant shall  
11 notify the landlord of the date the tenant will vacate the  
12 dwelling unit and shall pay a prorated rent for that period of  
13 occupation.

14 [~~e~~] (g) Whenever the term of the rental agreement  
15 expires, whether by passage of time, by mutual agreement, by the  
16 giving of notice as provided in subsection (a), (b), (c), [~~e~~]  
17 (d), (e), or (f) or by the exercise by the landlord of a right  
18 to terminate given under this chapter, if the tenant continues  
19 in possession after the date of termination without the  
20 landlord's consent, the tenant may be liable to the landlord for  
21 a sum not to exceed twice the monthly rent under the previous



1 rental agreement, computed and prorated on a daily basis, for  
2 each day the tenant remains in possession. The landlord may  
3 bring a summary proceeding for recovery of the possession of the  
4 dwelling unit at any time during the first sixty days of  
5 holdover. Should the landlord fail to commence summary  
6 possession proceedings within the first sixty days of the  
7 holdover, in the absence of a rental agreement, a month-to-month  
8 tenancy at the monthly rent stipulated in the previous rental  
9 agreement shall prevail beginning at the end of the first sixty  
10 days of holdover.

11 [~~(f)~~] (h) Any notice of termination initiated for the  
12 purposes of evading the obligations of the landlord under  
13 [~~subsections~~] subsection 521-21(d) or (e) shall be void."

14 SECTION 6. This Act does not affect rights and duties that  
15 matured, penalties that were incurred, and proceedings that were  
16 begun before its effective date; provided that any contract in  
17 effect prior to the effective date of this Act that is  
18 subsequently renewed or extended on or after the effective date  
19 of this Act shall comply with the requirements of this Act.

20 SECTION 7. In codifying the new sections added by section  
21 2 of this Act, the revisor of statutes shall substitute



1 appropriate section numbers for the letters used in designating  
2 the new sections in this Act.

3 SECTION 8. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 9. This Act shall take effect on July 1, 2022.

6

INTRODUCED BY:



JAN 21 2022



# H.B. NO. 1861

**Report Title:**

Landlord-Tenant Code; Holdover Tenants; Termination; Just Cause; Relocation Assistance; Rent Increases; Fees; Hawaii Rent Board; Rent Stabilization Special Fund.

**Description:**

Prohibits a landlord from terminating certain tenancies without just cause. Requires a landlord to provide relocation assistance or waive the last month's rent when terminating a tenancy for no-fault just cause. Restricts how much and how often a landlord may increase an existing tenant's rent. Establishes the Hawaii rent board to oversee annual rent increases and conduct rental arbitrations, mediations, and investigative hearings on reports of wrongful evictions. Establishes a rent stabilization special fund, to be funded by a separate fee assessed on rental units to support the activities of the Hawaii rent board.

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

