TESTIMONY

for

ORPTAC Meeting

10/22/21 at 2pm

MISC. COM. 598

RPTAC

The Senate

STATE CAPITOL
HONOLULU HAWAII 96813
October 22, 2021

Chair Robert Mould
Oahu Real Property Tax Advisory Commission
City and County of Honolulu
Honolulu, Hawaii 96813-3077

Aloha Chair Mould,

I am writing regarding item V.2.C.ii, "Efficacy of possible exemption for properties leased to Section 8 renters."

Section 8, or the Housing Choice Voucher, is one program to assist low income families who cannot afford market rent. As you know, it can take 10 years on the waitlist to receive a Section 8 voucher in Hawaii. Once a family receives one, though, many landlords are unwilling to rent to Section 8 tenants. As many as half of all voucher recipients are unable to find a landlord willing to rent to them, and must return the voucher.

In recent years, to address this problem, the State Legislature has considered multiple bills prohibiting discrimination on the basis of income source, which would prevent landlords from discriminating against recipients of Section 8 vouchers and other government assistance programs. Unfortunately, these bills have yet to pass.

Your commission today has the opportunity to consider using real property taxation as a method to incentivize landlords to rent to Section 8 voucher holders. You can recommend both a "carrot" approach such as a tax credit for landlords who are willing to rent to Section 8 tenants, and a "stick," such as a new property tax class for non-owner occupied property that is not available to rent to Section 8 tenants. I believe both carrot and stick approaches are appropriate and necessary to achieve greater landlord participation in the Section 8 program, which will enable more needy families to secure safe, decent shelter.

Mahalo for the opportunity to testify today.

Very truly yours,

Stanley Chang
Senator, District 9

Office of Senator Stanley Chang
(808) 586-8420 · senchang@capitol.hawaii.gov

Testimony of Faith Action HousingNOW!
Regarding an Empty Homes Tax,
before the Oahu Real Property Tax Advisory Committee
on October 22, 2021 at 2:00pm

Faith Action for Community Equity is an organization of religious and community organizations driven by a deep spiritual commitment to improving the quality of life for all of the people of Hawaii by addressing the root causes of social inequities.

Faith Action HousingNOW! requests ORPTAC to propose and support an Empty Homes Tax for Oahu, to address our crises in affordable housing and homelessness.

How could an Empty Homes Tax address these problems?

- Increasing our supply of housing stock by incentivizing owners of thousands of vacant housing units to convert them into homes for Oahu residents
- Discouraging outside investment & speculation that contribute to high housing costs
- Creating dedicated tax revenues for affordable housing & homelessness solutions.

We seek an Empty Homes Tax with the following key features:

- The Tax Rate should be substantial, at least 3% of assessed value or higher, to be paid annually, in addition to the standard property tax.
- The tax should apply to all types of residential properties, including apartment buildings/multiple dwelling units on the same parcel, with proportionate taxes for empty home dwelling units.
- Revenues from this tax should be dedicated to programs for affordable housing and homelessness services. Up to 5% of collected funds each year may be used in implementation & enforcement of this tax.
- Exemptions should include:
    1. Owner occupied properties that are used as a principal residence;
    2. Properties occupied by a renter or other permitted occupants who make it their principal residence, for at least 6 months per year; and
    3. Other limited and short-term equitable exemptions (such as death of owner-occupant, major construction, property title subject to litigation).
- Implementation should include an annual declaration by all property owners as to the status of their property during the past year, with taxes levied retrospectively. The tax should also apply if an owner fails to timely file a declaration showing a basis for exemption from the tax.
- Enforcement should include:
    - Audit and investigation by the tax department, with adequate staffing assured from revenues from the tax

- Ability of tax department to request evidence and information for proof of status, and corresponding duty of owner/occupiers to provide evidence
- Ability to place tax liens and foreclose on properties in continuing non-compliance with tax duties
- Substantial fine for false declarations, failure to cooperate with investigation, and other violations, including fines for each day of continuing non-compliance
- Rights of appeal by owners

We believe these features will help an Empty Homes Tax be practical and effective toward accomplishing its goals of creating a greater supply of affordable homes for Hawaii's residents, and creating a dependable revenue source to fund affordable housing programs and homelessness solutions.

Our Empty Homes Tax Proposal

We provide with our testimony proposed details for an Empty Homes Tax bill that includes these features and other details showing how such a tax could be implemented. We are open to suggestions and critique. We seek the best answer for our community's needs, that can be practical and effectively enforced, and that will promote the desired goal of converting thousands of empty houses into occupied homes for local residents, and that will generate substantial revenues for affordable housing and homelessness solutions.

Comparison of Bill 76 "Vacant Homes Tax" and our Empty Homes Tax Proposal

We support the intent of Bill 76 as seeking similar results as our Empty Homes Proposal. We believe the results of Bill 76 would be suboptimal, however, and that our Empty Homes Proposal provides a superior approach by being independent, supplemental and retrospective. By this means, we believe it is better crafted to meet the needs of the community and will be more effective in reaching our mutual goals. We share our analysis and comparison of the two approaches below.

Bill 76 amends Section 8-7.1(c)(1) ROH by adding a new class of property, called Vacant Residential, to 10 other classes of property. Section 8-7.1(c)(2) requires the Director to assign each property to only one of those classes, so this would clearly make the Vacancy Tax an alternative tax (substituting for standard Residential tax), and not a supplemental tax. The Director would thus need to determine which properties are "vacant", before assigning that label to apply a Vacancy Tax. That assumes Vacancy is a static/stable long-term status. But it is not. Vacancy is very fluid, and can change easily during the year, as well as from one year to the next. For example, Bill 76 says a property is Vacant if there is NO occupancy for 180 consecutive days. So the moment one person stays there overnight during any 180 day period, the property is suddenly no longer Vacant and would qualify for standard residential. Thus, this status can totally change/flip during a year in a way that is not predictable in advance.

For this reason, we believe the only effective means of implementing & enforcing a Vacancy Tax or Empty Homes Tax is to determine the property's status retrospectively (after the taxable year is pau),. However, the Director levies and collects residential property taxes prospectively (before the tax year). Yet, it is impossible to know in advance whether the property will be a Vacant or Empty Home.

Virtually anyone with "vacant" property could prospectively say (with either good or bad intent), that they intend to utilize the property as a long-term rental or other action in the coming year so that the Vacancy Tax would not apply. There is little way to disprove such a prospective declaration of intent. Intent is generally not said to be "false," even if the intent did not come to fruition (ie., the unit remained empty), so enforcement would be very difficult.

Bill 76 is very limited in nature and would likely have very little impact on reducing vacancy, increasing housing supply, or increasing tax revenues. It doesn't apply to all residential properties, and could be easily evaded by just 2 overnight stays during the course of one year, so that there would be no 180 days of consecutive vacancy. That may just encourage more illegal short-term rentals, rather than conversion of housing.

Our Empty Homes Tax proposal addresses these concerns by requiring this tax to be in addition to, not an alternative to, existing property taxes, and applies to all residential properties not within any exemption. Our proposal also requires a retrospective declaration from all residential owners as to whether, in the PAST year, their property qualified for any exemption from the Empty Homes Tax, and the tax then applies to that last year covered by their declaration, not the coming year. Yes, the owners could still file a false declaration, but this now creates a factual matter subject to audit and proof. A false declaration is provable and can be subject to a heavy penalty, as a means of deterring false declarations. And the administration of the Empty Homes Tax could logically be on a different schedule from the standard property tax schedule, since it will be administered retrospectively instead of prospectively.

For these reasons, we believe it's better to introduce a bill containing the Empty Homes Tax as a new independent and supplemental tax, outside of the tax classification scheme set forth in Section 8-7.1(c)(1) ROH. Alternatively, it could be called an Empty Homes Fee instead of Empty Homes Tax, but it should still be levied annually and retrospectively based on status of the property and its assessed taxable value.

We hope this information is helpful to your consideration of our proposal, and to understanding why we urge the ORPTAC's support of an Empty Homes Tax.

Thank you for the opportunity to provide this testimony.

Submitted on behalf of Faith Action HousingNOW! by Ellen Godbey Carson
Email: housing@faithactionhawaii.org

White, George

From: Arjuna Heim <heimarjuna@gmail.com>
Sent: Friday, October 22, 2021 9:53 AM
To: White, George
Subject: Submitting Testimony for RPT Commission Hearing (10/22, 2PM)

Aloha George

Testimony as follows:

I'm submitting testimony to support further discussion of agenda item V.1.B.iii. (Residential A: Tiering Structure and Qualifications) and V.1.B.iv (Vacant Residential Properties).

The definition and qualifications of ResA should be expanded to include any second homes, and lower the threshold of assessed value. Hawaii has some of the lowest RPT rates in the country and expanding the definition of ResA would capture more properties and increase revenue for necessary community services.

We should increase the tax of vacant residential properties. In the midst of a housing crisis it is irresponsible to allow vacant properties to persist without penalty.

Mahalo George!
Arjuna

White, George

From: John Kawamoto <jk1492@gmail.com>
Sent: Wednesday, October 20, 2021 11:38 AM
To: White, George
Subject: Testimony for Oct. 22 meeting

Aloha George,

Here is testimony for the ORPTAC meeting on Oct. 22.

John

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Oahu Real Property Tax Advisory Commission
October 22, 2021

Re: Empty Homes Tax Ordinance Proposal

My name is John Kawamoto. I am a resident of Oahu, and I'd like to testify in support of the empty homes tax.

The market is failing us because it has not created enough homes that are affordable for Oahu residents. The market is responsible for our affordable housing crisis, so the market must be adjusted.

Meanwhile, tens of thousands of homes are sitting empty for most of the year. Many of them are high-priced luxury homes that are investments which are unaffordable to the average family on Oahu.

The empty homes tax is an economic approach to the market failure. Increasing the tax on empty homes would have the effect of raising prices, thereby creating a disincentive to own them. To avoid the tax, owners of empty homes would fill them with residents, either through renting those homes or by selling the homes. In this way, the empty homes tax would convert homes that are now empty to homes where residents live.

In the long term, the empty homes tax would have the additional effect of reducing the demand for luxury homes. With less demand, supply will be reduced, and Hawaii's housing development industry would shift away from building so many luxury homes toward building more homes for residents. In this way, the empty homes tax would reshape the market to provide more housing for residents.

The empty homes tax is preferable to Bill 76 because the empty homes tax is retrospective rather than prospective, so it has less potential for complications.

The affordable housing crisis is so large and complex that the empty homes tax should be viewed as one of a constellation of measures that should be implemented to create enough affordable housing for all of Oahu's residents. However, it's a big step forward.

White, George

From: Matthew Cohen <matthewalancohen@gmail.com>
Sent: Friday, October 15, 2021 4:58 PM
To: White, George
Subject: ORTAC Proposal for expansion of exemption for housing for developmentally disabled adults

Mr White: I would like to propose an expansion for the real property tax exemption for housing being provided for developmentally disabled adults, where it is not feasible or practical for the disabled individual to own the property. Does the commission receive proposals like that from the public? If so, how do they prefer to receive such proposals?

Matthew Cohen
Pocket: (808)218.3000

YOUNG PROGRESSIVES DEMANDING ACTION

Aloha commissioners,

I am writing in regards to agenda item 1.B.iv Vacant Residential Properties.

YPDA strongly supports a vacancy tax. Hawaii is undeniably in the midst of a housing crisis. While we do not know the exact number of economic migrants driven out by our unaffordable housing, we can estimate the scale of the problem by examining the plight of Kanaka Maoli, more of whom now live on the mainland then in their native country.

Meanwhile while housing stock increased by 8% since 2010 and our population by only 7%, the vacancy rate increased 48% (from 8.1% to 12%) and average housing prices increased 40% with the median now over one million dollars. While housing market dynamics are complex, it is clear that housing prices are not being driven by local buyers looking for a home in which to live.

Presumably however that is actually the primary function of a housing market: providing housing for the people that live and work in the community. That Hawaii's housing market has been skewed towards other purposes is abundantly obvious.

A vacancy tax, such as that being discussed today, could go a long way towards correcting a lopsided market by discouraging housing purchases that are for speculative, vacation rentals, or other non-residential purposes.

To do so effectively such a bill should include clearly defined exclusions accounting for factors probable to occur for residents: such as military service, renovations and repairs and housing that is rented out to long term residents.

Similarly, it should include an effective penalty, enforcement mechanism, and use some portion of the revenues raised to fund said enforcement to avoid hurdles that have faced efforts with similar intent.

It is a great injustice that our housing market has for so long served the interests of non-residential buyers. A vacancy tax, such as that under discussion today, is a necessary piece of righting that wrong.

Sincerely,
Micah M Hicks
YPDA Board President

Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawai'i Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: Robert Mould, Chair
Winston Wong, Vice Chair
Oahu Real Property Tax Advisory Commission

Re: **Agenda item V.2.C.i.**
2:00 PM, October 22, 2021

Chair Mould, Vice Chair Wong, and Commission members,

On behalf of HCAN Speaks!, thank you for the opportunity to provide comments on agenda item V.2.C.i.

The 2019 Oahu Real Property Tax Advisory Commission Report recommended repealing the real property tax exemption relating to for-profit child care centers. The report states the intended goal of the repeal would be to balance for-profit enterprises. According to the state's reports on the number and amount of exemptions by type and county, the for-profit child care property tax exemption has been used sparingly.

Fiscal Year	2017-2018	2018-2019	2019-2020	2020-2021
Number	10	9	11	16
Amount	$18,766	$24,161	$27,605	$22,606

When compared to the number of programs in Honolulu City and County, the number utilizing the exemption is very small. However, without additional data on which entities are utilizing the exemption, it is unclear of the potential impact to the community.

Honolulu Child Care Programs and Capacity

	Licensed Infant/Toddler Center		Licensed Group Child Care (Preschools)		Registered Family Child Care Homes		License Group Homes		Licensed Before and After School		Grand Total	Grand Total
	Count of Programs	Total Desired Capacity	Count of Programs	Total Desired Capacity	Count of Programs	Total Desired Capacity	Count of Programs	Total Desired Capacity	Count of Programs	Total Desired Capacity	Count of Programs	Desired Capacity
Dec. 2019	53	1,229	268	14,745	145	802	2	24	56	5,620	524	22,420
Oct. 2021	50	1,226	258	12,133	127	701	1	12	53	4,604	489	18,676

[1]

[1] Data provided by PATCH, accessed through the Early Childhood Action Strategy's Child Care Data Dashboard

There is a risk that repealing the exemption at this time could cause tuition to increase at these centers. For child care, this means families would bear the costs to repeal the exemption. Child care is one of the highest costs in a family's budget. In 2019 on O'ahu, the median monthly cost of care in an infant and toddler center was $1,286 and the median monthly costs for an accredited center[2] was $959.[3] For a family with two children needing care, they could spend over $2,200 a month on care.

Honolulu has fewer child care spaces now than pre-pandemic. While it remains to be seen if the efforts of federal aid will prevent future closures, this loss in seats also means families have fewer options when looking for care. Ideally, a family would choose care based on their needs, including affordability; however, many times a family's choice is dependent on what care is available, regardless of the price tag. Subsidy to assist with child care is limited to family's with 85% of the state median income or less. According to the Aloha United Way's *Assest Limited Income Constrained Employed* Report, 1 in 3 families in Honolulu struggle to make ends meet.[4] Raising the costs of child care at this time would result in unnecessary hardships to families.

Without additional information on the child care centers claiming the exemption, it may be premature to repeal the exemption. While striving for equity, this action may cause hardships felt to lower income and middle-class families. If the Commission does wish to move foward with the repeal, we ask that they consider pausing until families and the economy have stabilized.

Thank you for the opportunity to provide comments on this matter.

Kathleen Algire
Director of Early Learning and Health Policy

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[2] Infant and toddler centers serve children aged 6 weeks to 36 months and accredited centers serve children ages 2-6 years.

[3] State of Hawai'i Department of Human Services, 2019 Hawai'i Child Care Market Rate Survey

[4] Aloha United Way, *ALICE: A Study in Financial Hardship in Hawaii*

October 22, 2021

To: Robert Mould, Chair
Winston Wong, Vice Chair
Members of the Oahu Real Property Tax Advisory Commission

Re: Strong Opposition to Repealing the Real Property Tax Exemption for Credit Unions

I am Mark Yamane, testifying on behalf of Aloha Pacific Federal Credit Union. Our credit union is headquartered in Honolulu with over 64,000 members. We offer the following comments to preserve the non-profit tax exempt status of credit unions in the City and County of Honolulu.

Aloha Pacific was chartered under the Federal Credit Union Act of 1934 as the Honolulu City and County Employees Federal Credit Union. The Act was passed to encourage people to save and provide a way for them to borrow to improve their lives. The social good that credit unions provide is a key reason that we are chartered as a non-profit financial cooperative. We are owned by our members and provide them with loans and other services to make their lives better.

The need for affordable financial services is as critical today as it was in the Great Depression when we were founded. COVID-19 has challenged many people because of the illness that is has caused and the ills that it has brought to our state economy. Working-class residents struggle to find steady work. Small businesses struggle to stay afloat. People have been challenged during the past two years and will continue to face adversity until the pandemic is over and Honolulu returns to normal.

Aloha Pacific is not like a for-profit financial institution:

- A for-profit financial institution can obtain capital from external sources by issuing stock. We cannot.
- Stockholders of a for-profit financial institution reap the financial rewards of ownership. Our members own us and benefit from the higher rates we pay on savings, the lower rates we charge for loans, and the few, low fees that we charge for services.
- Control of a for-profit financial institution is based on who owns the most stock. Credit unions are governed democratically where each member has one vote.
- Directors at for-profit financial institutions are paid. Our directors are volunteers who are elected by their fellow members.

Our members come from all walks of life. They are the people who work, raise families, hope to own a home and retire. Many of them are employees of the City and County of Honolulu. These are the people who will be impacted by taxation of our credit union.

Taxation will increase the cost of running the credit union for our members and could result in higher fees and loan rates. This will provide less of a benefit to the members of our cooperative.

Taxation will reduce our net income which we need to strengthen our capital. As noted earlier, we cannot issue stock. We must retain our net income and grow our capital to ensure the financial safety and soundness of our credit union for our members. Taxation would reduce our net income and reduce the earnings we retain.

Taxation will reduce our ability to meet our community responsibility. We benefit our community by providing an option for financial services that is affordable and accessible.

Our "people helping people" way of providing service extends to the community at large. When the pandemic hit last year, we eliminated some fees and reduced others to help our members. We helped those who lost jobs and kept them in their homes. We participated in the City and County of Honolulu Small Business Relief Grant Program to process and distribute grant monies to small businesses in need. We are not about making quarterly profit targets for a Wall Street investor. We are about investing our time, energy and financial resources for our members and our community.

That is where taxation will hurt us. We are here for our members and here for our community. It takes money to provide affordable financial services. Taxation will reduce our ability to serve. Taxation will limit the financial services we offer. Taxation will constrain our outreach to the people of Honolulu.

We respectfully recommend that the real property tax exemption for credit unions in the City and County of Honolulu be left intact.

Sincerely,

Mark Y. Yamane

Mark Y. Yamane
Senior Vice President and Chief Financial Officer

Hawaii Credit Union League
Your Partner For Success
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Honolulu, Hawaii 96826-2097
Telephone: (808) 941.0556
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Unite for Good
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October 22, 2021

To: Robert Mould, Chair
Winston Wong, Vice Chair
Members of the Oahu Real Property Tax Advisory Commission

Re: Strong Opposition to Repealing the
Real Property Tax Exemption for Credit Unions

I am Dennis Tanimoto, testifying on behalf of 28 credit unions headquartered on Oahu with total combined membership exceeding 600,000. We offer the following comments to preserve the non-profit tax exempt status of credit unions in the City and County of Honolulu.

All Hawaii credit unions are **non-profit** financial cooperatives chartered under the Federal Credit Union Act of 1934. That law was enacted in the midst of the Great Depression for the purpose of promoting thrift among members and creating a source of credit for provident or productive purposes. Now, in the aftermath of the COVID-19 pandemic, such affordable financial services are needed more than ever, especially by working-class residents, retirees, and small businesses.

Unlike for-profit financial service providers that are able to access capital from external sources – such as issuing additional stock or acquiring subordinated debt – credit unions can strengthen their capital only by retention of net income. Capital is needed to support growth and to provide a reserve for contingencies. Taxation would negatively impact credit union capital, and could potentially jeopardize the safety and soundness of some credit unions.

Each credit union has a limited field of membership, pursuant to the aforementioned Federal Credit Union Act. Field of membership can be occupation-based (such as employees of Hawaiian Electric Company or HMSA), association-based (such as members of a labor union or church), multiple common bonds of occupation and/or association, or community-based (those who live or work within a well-defined local community or rural district).

Regardless of field of membership or size, *all* credit unions are deserving of the non-profit tax status because of their unique **structure**, **purpose**, and **public benefit**. Furthermore, credit unions **do not maintain a competitive advantage** over for-profit financial service providers.

- As to **structure**, unlike for-profit corporations whose financial benefits accrue to a relatively small group of investor-stockholders, financial benefits of non-profit credit unions accrue to all member-owners – in the form of higher yields on savings, lower rates on loans, and lower or no fees on services. Unlike for-profit corporations where voting power is greater for those owning more stock, credit unions are democratically controlled, with each member having one vote, without regard to the amount on deposit. Additionally, unlike for-profit corporations, directors are unpaid volunteers who are elected by fellow members of the credit union without the use of proxies.

- As to **purpose**, credit unions fulfill the statutory purpose of promoting thrift among members and creating a source of credit for provident or productive purposes. Members come from all walks of life, as evidenced by the vast membership of Oahu credit unions mentioned earlier. Credit unions on Oahu have a membership penetration rate of approximately 60 percent of the island's resident population, which is among the highest penetration rates in the nation. That would not have been possible if the credit unions of Oahu were not fulfilling their purpose.
- As to **public benefit**, credit unions are an alternative provider of affordable financial services. Especially in this time of economic and financial uncertainty – when for-profit financial service providers have lowered deposit interest rates to almost zero, tightened loan underwriting standards, and raised fees – credit unions have been a welcome beacon of hope to their members. Non-members also benefit from having credit unions in the marketplace. Several independent researchers have found that credit unions have a moderating influence on bank pricing – thus, lowering bank loan rates and raising bank deposit interest rates.
- As to having a **competitive advantage** over for-profit financial service providers, credit unions must serve a limited field of membership and cannot serve everyone – in Hawaii and outside Hawaii – as banks can. In addition, the range of products and services credit unions are permitted to offer is much narrower than the range of products and services banks are permitted to offer, access to capital is far more limited for credit unions than for banks and thrift institutions, credit unions cannot compensate directors whereas other financial service providers can, and the list of differences goes on and on.

Credit unions should not be treated like for-profit financial service providers because they are inherently different in structure, purpose, and public benefit. Because credit unions are owned by their member-depositors, a tax on any credit union is a tax on its members.

Credit unions are the only non-profit organizations that were singled-out for taxation in the report of the 2019 Oahu Real Property Tax Advisory Commission. Section 8 of that report states, in pertinent part, "There are many non-profit organizations that are not 501(c)(3)s that provide tremendous benefits to the community and are justified in receiving a real property tax exemption." We agree and contend that non-profit credit unions should be treated accordingly.

A mere six years ago, the credit unions of Oahu – <u>in good faith</u> – agreed to compromise legislation which more than tripled the minimum tax paid by credit unions on Oahu from $300 to $1,000 per year. This is despite all other non-profit organizations on Oahu still paying a minimum tax of $300 per year.

For this reason and those cited above, *we respectfully recommend that the real property tax exemption for credit unions in the City and County of Honolulu be left intact.*

Sincerely,

Dennis K. Tanimoto
President and Chief Executive Officer

Rep. Robert Mould, Chair

Rep. Winston Wong, Vice Chair

DATE: FRIDAY, OCTOBER 22, 2021

TIME: 2:00 PM

PLACE: City Council Chambers

3rd Floor, Honolulu Hale

IN STRONG SUPPORT OF AGENDA V.B.1.III-IV

I am writing in firm support of continuing the further discussion on V.1.B.iii (Residential A Tier Structure) & V.1.B.iv (Vacant Property). The proposed discussion would aid in the creation of a housing system that benefits the residents of Hawai'i by regulating and restricting frequently used loopholes that investment brokers and wealthy real estate owners utilize to scoop up vacant or residential land and transform it into vacation rentals -- directly affecting the residents of Hawai'i.

This feeds into the extractive mindset that has led to mass commodification and degradation of the land and its resources, taking land from ancestral residents and inflating prices until land ownership is a pipe dream for most families. Those who own second homes are likely not financially strapped in a way that would complicate their portfolio through a higher property tax, which should be applied to not only those who are at 1,000,000 or more. Looking at creating tax policy around the price of the home (given the inflation rate of real estate prices on island leading to disproportionately high prices) instead of looking at the quantity of homes one owns leads to a misrepresentation of the data.

The amendments to what constitutes as Residential A has the perk of creating less room for short term rentals (air bnbs) to incentivize investors into purchasing plots of land meant for one home and capitalizing on the landmass to create multiple short term rentals, limiting, once again, the ability of residents to own homes. Redrafting the terms for this category is essential, as is implementing a higher tax on vacant properties. It is the responsibility of our commissioners to draft and amend policy for Hawai'i's residents, not tourists, the tourism industry, and those with the wealth to own numerous homes.

Thank you for your consideration,
Sidney Bandy

Housing Commissioners

V.1.B.III-IV

DATE: 10/22/21

TIME: 2:00PM

PLACE: VIA VIDEOCONFERENCE
City Council Chambers
3rd Floor, Honolulu Hale

IN STRONG SUPPORT OF V.1.B.III-IV

I am writing in strong support of agenda number V.1.B.III-IV. Regarding agenda number V.1.B.III (Residential A: Tiering Structure and Qualifications), it is essential for the island of Oahu to restructure Residential A to include **all** second homes given that they are fit to be treated in the same capacity as vacant homes or homes used for additional housing such as Airbnbs, etc. In expanding Residential A, it should also be considered that they increase the tax base. Doing so will allow for collecting higher taxes to individuals who are very capable of paying, given that they are able to acquire additional housing for their benefit, to begin with.

Additionally, agenda number V.1.B.IV (Vacant Residential Properties) coincides with Residential A: Tiering Structure and Qualifications in investigating vacant residential properties. Although homeowners may hold vacant spaces for their own benefit, a higher tax should be considered as they are still holding occupancies that hold the same purpose as all home properties. Expanding Residential A and collecting higher taxes will only increase equity among homeowners and the residents of Oahu.

Thank you for your consideration,

Kristine Samonte