

ORPTAC TESTIMONY

12/20/21



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**Testimony of Faith Action HousingNOW!
Regarding an Empty Homes Tax,
before the Oahu Real Property Tax Advisory Committee
on December 20, 2021 at 10:00am**

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 the people of Hawaii by addressing the root causes of social inequities.

Faith Action HousingNOW! requests ORPTAC to approve and recommend to the City Council the Empty Homes Tax proposal that has been endorsed by the ORPTAC Subcommittee on Rates and Classifications, and that is item V.1.A and VI on the meeting agenda.

The proposed Empty Homes Tax re can help address the major crises in affordable housing and homelessness that are endangering our entire community. This tax can assist by:

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

To those of you serving on the ORPTAC, thank you for helping support new solutions and bold changes to help improve the quality of our community.

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

TO: Members of the Oahu Real Property Tax Advisory Commission

FROM: Natalie Iwasa, CPA, CFE
Former Commissioner 2011 and 2019 ORPTACs
808-395-3233

RE: Interim Report

DATE: Monday, December 20, 2021

Aloha Commissioners,

Thank you for allowing testimony on your interim report.

Empty or Vacant Homes Tax - OPPOSED

The proposal for the empty homes tax starts out with the presumption that all residential properties fall into this category unless an exemption applies. This presumption in itself is problematic, as it requires the RPAD to mail to every residential property owner a declaration form which must then be used to inform RPAD of an exemption. If an owner happens to miss the mailing or be late in filing the exemption, the related property will automatically be put into this classification and the owner would have to pay this tax on top of the regular real property tax (RPT). The administration of such a tax would place significant burdens on the RPAD.

Administration also includes enforcement, and according to the recommended bill, the city could ask for all types of documents including lease agreements, utility bills, bank and credit card statements, etc. "without limitation." The government has enough information about residents. They should not be allowed to access all of these documents. **I absolutely oppose this.**

In addition, the recommended proposed tax rate is 3%! That is outrageous. If the proposed bill were to pass, the owner of a million dollar home in the Residential A classification would pay \$4,500 in real property taxes and then another **\$30,000** for the empty homes tax. This just isn't even reasonable.

Please do not include this recommendation in your report. There are too many things wrong with it.

Transparency

I fully support the Commission's efforts to bring more transparency to the valuation and assessment process and the RPT system.

Other

With median home prices now above \$1 million, I remain extremely concerned about the Residential A classification and its impact on renters. Please follow up with the RPAD and get updated information on the number of properties included in that class as well as how many of them qualify for some type of exemption.