

**FOR DISCUSSION ONLY**  
**Testimony**

**MISC. COMM. 536**

COUNCIL

## **COUNCIL Meeting**

Meeting Date: Oct 4, 2023 @ 10:00 AM

Support: 1

Oppose: 0

I wish to comment: 2

Name: Jill Nunokawa	Email: kalohe14@gmail.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Oct 2, 2023 @ 08:56 PM
Name: Natalie Iwasa	Email: iwasajunk@mail.com	Zip: 96825
Representing: Self	Position: I wish to comment	Submitted: Oct 2, 2023 @ 11:33 PM
Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96813
Representing: Grassroot Institute of Hawaii	Position: I wish to comment	Submitted: Oct 3, 2023 @ 02:34 PM

October 2, 2023

TO: City Council Members  
City & County of Honolulu  
State of Hawai'i

FROM: Jill Leilani Nunokawa  
Humble Citizen  
Homeowner since 2006  
700 16<sup>th</sup> Avenue  
Honolulu, Hawai'i

RE: Strong Support in Favor of Resolution 23-243

Aloha Chair Waters and Members of the City Council,

I submit written testimony in strong support of Resolution 23-243, relating to Real Property Tax Compromises. My individual circumstance places me in a terribly unfair and unjust predicament with huge tax liability because of my 2023-2024 classification and I am asking the Honorable City Council to pass this resolution to allow compromises for claims over \$5,000 for those who are financially unprepared to pay the severe increase in real property taxes, especially those deeply affected by the unintended consequences of the real property tax classification. Mahalo for your time, consideration and positive action on this resolution.

Please let me explain my specific situation. I own my house at 700 16<sup>th</sup> Avenue and have lived there since 2006 as my primary place of residence. There were two (2) houses located on the property under one TMK number: RP 1-3-2-055-043-000-000. Several things happened during Covid that changed my life; in October, 2021 my beloved Mother passed away suddenly and later that month the City granted my CPR application and the two (2) houses were legally separated. I was devastated by the tremendous loss of my mother and her love. Her dying request was to get the CPR through and to sell one of the two houses. Ironically, the CPR was approved the very month she passed away. I was able to sell one house listed as 700a 16<sup>th</sup> Avenue in July, 2022. However, when I received my City & County of Honolulu 2022-2023 Real Property Tax Assessment & Bill, it reflected the identical TMK number and assessed my property with my Homeowner's Exemption on record from 2006. The tax liability was \$5,301.27 per the two (2) six (6) month period of payments. I did not file a new Homeowner's Exemption because the City & County had my original exemption on file and used it to process

my 2022-2023 tax assessment and real property tax bill. I never moved, I have enjoyed the homeowner exemption and I had no significant notice on my 2023-2024 that my classification was changed from Residential to Residential A and the Real Property Tax Assessment office had removed my homeowner exemption that was on file since 2006. I was still grief-stricken, there was no color changes or bold letters indicating my classification had been arbitrarily changed and that my homeowner exemption had been removed. In January, I met with my CPA who noticed that my homeowner exemption had been eliminated and recommended I file another one, which I did. I had no idea what any of these changes meant to my tax liability that was due and owing in August because the real property assessment office does not provide an estimated tax figure in actual dollars on any documents sent to the public except the one in July. You can imagine my surprise and fear when I opened my tax bill and instead of it going down because I sold one house and my assessment was lower than the year before, the tax bill due on August 21 was \$7,629.32 and another \$7,629.32 due in February, 2024. I cried because I didn't have the money to pay the big increase in real property taxes. I contacted my credit union and I tapped into my home equity line of credit to pay the substantial tax bill by the due date of August 21, 2023. I am still paying off my home equity line of credit. I was unprepared to pay this unforeseen and unintended consequence of the real property tax classification, especially since my previous tax assessment and bill reflected the correct tax classification as a residential property with my homeowner exemption. I could not file a new homeowner exemption because the real property assessment office had my original one on file. I am confused as to why my homeowner exemption was eliminated when I did not move, nothing in writing would suggest any changes to my homeowner exemption so I remained clueless to the arbitrary evaporation of my homeowner exemption by the department, and I couldn't file a new one by the September, 2022 deadline because there was one on file from 2006, which was used to assess and determine my bill for the 700 16<sup>th</sup> Avenue parcel in 2022-2023. I was the proverbial sitting duck without any idea what was happening. I didn't do anything wrong.

I understand there is a process, however government is purportedly working with the public and not against them in educating on assessments, appeals, and exceptions, giving adequate notice of any changes in classification and any removal of their existing homeowner exemption and adapting to the changing economic landscape to ensure our residents are not being priced out of paradise because of market metrics.

I have no recourse to resolve this injustice except through this resolution so I am humbly requesting to be included in any real property tax compromises. I am certain there are other similarly situated people in your respective districts and I hope they are able to be part of this resolution too. There has to be a better way to address unintended consequences and discretionary compromises because the current system is broken and needs a healthier, more inclusive, transparent and compassionate response and resolution.

The general public is part of the democratic process too and if these types of injustices persist, there will be more demoralizing separation between the public and elected government

officials. This brings with it the distrust that corrodes and undermines effective governmental operations and threatens the very foundation of our democratic society.

The City Council has a viable choice to address and resolve some of the broken parts of our democratic process by passing this resolution and bills that bring real change. Our council speaks and votes for our communities that can't speak for themselves. Most are too busy trying make a living. Our emerging and adaptive fiscal approaches must be based on core principles of fairness, justice and compassion, which are sometimes stated as "Live Aloha".

TO: Members of the Honolulu City Council

FROM: Natalie Iwasa  
808-395-3233

DATE: Wednesday, October 4, 2023

SUBJECT: Resolution 23-243, Real Property Tax Compromises - COMMENTS

Aloha Chair Waters and Councilmembers,

Thank you for allowing testimony on Resolution 23-243, which would provide tax compromises for certain homeowners whose properties are classified under Residential A but would have qualified for the residential classification had they filed a homeowners exemption by the September 30, 2022, deadline.

**The real problem here is the Residential A classification and the low \$1 million threshold. The classification should be removed, and the underlying properties put back into the residential classification.**

When Residential A first went into effect, the Honolulu City Council adopted Resolution 14-179 to allow tax compromises for certain homeowners. It was anticipated that 173 property owners would qualify for tax compromises. It was reported, however, that the Real Property Tax Division received 311 applications and that the cost of the compromises would be about \$1.2 million.<sup>1</sup>

The following year, there were still many homeowners who fell into the Residential A classification even though they lived in their own homes, and my understanding is that every year since then there have been homeowners who are shocked by the increased real property taxes they are charged due to lack of a homeowners (H.O.) exemption.

The Residential A classification went into effect for the fiscal year 2014. It's therefore been in place for 10 years. People should be aware of the consequences of not having a H.O. exemption, but some are still not, and the city administration does a poor job of educating property owners. (For example, real property assessment notices inform homeowners they should have an exemption, but there is no mention of falling into Residential A if the assessed value is over \$1 million.)

Note that the same problem will occur if the Council decides to move forward with a vacant homes tax, except that homeowners would be hit with a bill that is almost 10 times as much as the real property tax.

**Simplify our tax system and get rid of this problem once and for all.**

<sup>1</sup> "Property tax program could cost city \$1.2 million," *Honolulu Star Advertiser*, September 25, 2014.



October 4, 2023

10 a.m.

Honolulu City Council Chambers

**To: Honolulu City and County Council**

**Councilmember Tommy Waters, Chair**

**Councilmember Esther Kiaʻāina, Vice Chair**

**From: Grassroot Institute of Hawaii**

**Ted Kefalas, Director of Strategic Campaigns**

RE: RESOLUTION 23-243 — RELATING TO REAL PROPERTY TAX COMPROMISES

***Comments Only***

Dear Chair and Councilmembers:

The Grassroot Institute of Hawaii would like to offer its comments on [Resolution 23-243](#), which would give property tax relief to owner-occupants who failed to file for a homeowner exemption in 2022 and whose homes were taxed at the Residential A rate as a result.

The Institute supports this resolution and appreciates that it is even being considered. However, we also would like to see it paired with additional reforms that I will mention in a moment

The background of this proposed resolution is that more than 9,000 properties moved into the Residential A tax classification for fiscal 2024, bringing the total for the tax year to more than 29,000 Residential A parcels — as the “whereas” clauses in this measure note.

But because the Residential A class carries a much higher rate than the Residential class, owners of newly Residential A properties are facing significantly higher tax bills this year.

This measure attempts to mitigate those increases by allowing owner-occupants who failed to file for homeowner exemptions by October 2022 to retroactively file for such exemptions by Nov. 17, 2023, thereby lowering their tax bill for the current year.



The Institute believes this measure will help many Oahu homeowners. For example, the owner-occupant of a \$1.4 million house could save more than \$4,000 in taxes, if retroactively taxed at the Residential rate with a \$100,000 homeowner exemption.

This resolution as proposed is truly a good idea and, again, we thank the Council for considering it. However, the resolution could be even better if the Council also would:

>> Exempt long-term rentals from the Residential A tax class and create a new class specifically for such properties.

>> Sort non-owner-occupied and owner-occupied properties into separate classes.

These changes would compliment the resolution's intent and further improve Honolulu's real property tax system.

Thank you for the opportunity to submit our comments.

Sincerely,

Ted Kefalas  
Director of Strategic Campaigns  
Grassroot Institute of Hawaii