BILL045(24)
Testimony

MISC. COMM. 387

COUNCIL

COUNCIL Meeting

Meeting Date: Sep 4, 2024 @ 10:00 AM

Support: 2

Oppose: 0

I wish to comment: 0

Name:	Email:	Zip:
Karen Luke	nahele@yahoo.com	96706
Representing:	Position:	Submitted:
Self	Support	Aug 29, 2024 @ 11:11 PM

Testimony:

The increase to $100,000 will help me to keep up with inflation. Please vote for this to help seniors on a fixed income.

Mahalo from Ewa Beach

Name:	Email:	Zip:
Ted Kefalas	tkefalas@grassrootinstitute.org	96813
Representing:	Position:	Submitted:
Grassroot Institute of Hawaii	Support	Sep 3, 2024 @ 07:29 AM

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Removing barriers to Hawaii's prosperity

Sept. 4, 2024, 10 a.m.
Honolulu Hale

To: Honolulu City Council
Tommy Waters, Chair
Esther Kiaʻāina, Vice Chair

From: Grassroot Institute of Hawaii
Ted Kefalas, Director of Strategic Campaigns

RE: Bill 45 (2024) — RELATING TO REAL PROPERTY TAXATION

Aloha Chair Waters, Vice-Chair Kiaʻāina and other members of the Council,

The Grassroot Institute of Hawaii **supports** Bill 45 (2024), which would increase eligibility for the low-income property tax credit from $80,000 to $100,000.

Honolulu homeowners often face unpredictable changes in their property tax bills because assessments can increase rapidly year over year. Extending this program to cover more homeowners would help shield them against what has been a volatile real estate market.

Under the current low-income property tax credit, homeowners making $80,000 or less pay no more than 3% of their income on property taxes — for a maximum tax bill of $2,400.

Only last year, the Council increased the eligibility level from $60,000 to $80,000.[1] That was when a two-person household making 80% of the area median income earned about $83,840.[2] But the AMI since then has increased for a two-person household by 6.3%, to $89,120.

To keep up with growing AMI, the eligibility threshold should be increased to at least $90,000 — but a $100,000 eligibility level would be preferable for two reasons.

[1] Ordinance 23-22.
[2] "Honolulu County Income Schedule by Family Size," Hawaii Housing Finance and Development Corp., 2023, p. 1; and "Honolulu County Income Schedule by Family Size," Hawaii Housing Finance and Development Corp., 2024, p. 1.

First, it would make the credit open to more individuals and families. For example, for four-person households, $100,000 represents just over 70% of AMI for 2024.[3] This income level would be low enough to qualify the family for many of the city's affordable housing programs, so why not let them qualify for reduced property taxes?

So basically, lower- and middle-income households, especially those with dependents, would benefit from upward adjustments in the value of the credit.

Second, increasing the credit to $100,000 would save the Council from having to readjust it again in a few years when the 80% AMI level reaches $100,000 — which considering inflation, over which we unfortunately have no control, it most assuredly will.

Finally, in case you were unaware, almost 2,000 more Oahu homeowners applied for the credit after the Council increased the eligibility threshold eligibility last year — from 3,085 for fiscal 2024 to 5,020 for fiscal 2025,[4] and we encourage the City and County to keep raising awareness about this important program.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

[3] "Honolulu County Income Schedule by Family Size," Hawaii Housing Finance and Development Corp., 2024, p. 1.
[4] Uniform Information Practices Act request filed with the Honolulu Department of Budget and Fiscal Services, Nov. 14, 2023; and correspondence with Frank Chung from the Division of Property Tax Relief, March 21, 2024.