

Downtown-Chinatown Neighborhood Board No. 13  
Resolution 2024-04

SUPPORTING BILL 46 (2024) TO ESTABLISH AN EMPTY HOMES TAX IN HONOLULU

WHEREAS, the Downtown-Chinatown Neighborhood Board No. 13 (“NB 13”) operates under the Neighborhood Plan (“NP”) of the City & County of Honolulu (the “City” or “Honolulu”) within the state of Hawai‘i (the “State” or “Hawai‘i”); and

WHEREAS, a neighborhood board’s responsibilities under NP §2-13-102 include actively participating in the functions and processes of government by identifying, addressing, communicating, and seeking solutions to neighborhood issues and concerns, both within and outside of their respective neighborhood areas; and

WHEREAS, it is widely acknowledged that one of our State’s most pressing issues is our long-running, persisting affordable housing crisis; and

WHEREAS, it can be reasoned that the root cause of this crisis is that Hawai‘i has an unhealthy imbalance between two factors: (A) Limited Supply (due, in part, to finite land; limited construction labor/resources; and restrictive/burdensome regulations) and (B) Overwhelming Demand (which includes demand from potential owner-occupants, owner-landlords, and speculative investors); and

WHEREAS, with respect to (B) Overwhelming Demand, according to UHERO’s Hawaii Housing Factbook 2024, buyers from outside the State/City comprise 21%/10% of single-family home transactions and 27%/17% of condominium transactions in the past year; and

WHEREAS, it has been noted that Hawai‘i property taxes are among the lowest in the nation (which may increase speculative investment demand for Hawai‘i housing units due to comparatively lower holding costs); and

WHEREAS, it is believed that many of these investments are left vacant by investors (i.e., not used as their primary residence or not renting them under long-term agreements); and

WHEREAS, according to the 2020 United States Census, there were over 34,000 vacant housing units, which represented 9% of the total housing stock, in Honolulu; and

WHEREAS, in addition to working on addressing (A) Limited Supply issues (e.g., by relieving restrictive/burdensome regulations), City and State leaders have also recently expressed support for initiatives to address the (B) Overwhelming Demand driver; and

WHEREAS, as an example, in April 2022, the Hawai‘i State House of Representatives adopted House Resolution 170 “Urging the Counties to Utilize an Empty Homes Tax as a Means of Addressing Affordable Housing in the State;” and

WHEREAS, as another example, in January 2024, Governor Josh Green, M.D. noted the following in his State of the State address:

- “But building alone won’t solve our housing crisis – we need to find new ways to make buying or renting a home more affordable in Hawai‘i.”
- “A challenge of this magnitude requires multiple solutions – there is no silver bullet.”
- “Today, I am calling on my colleagues in the Legislature to help us by implementing new policies and reforms which will return housing units to the long-term rental market.”
- “This will increase supply and bring down prices in a local market artificially and unfairly inflated by the global demand from visitors to our state.”
- “I will sign into law any bill the Legislature sends me that will help move short-term rentals and vacant investment properties owned by non-residents into our local housing market – to increase supply and bring down prices for our families;” and

WHEREAS, as another example, in July 2024, Mayor Rick Blangiardi made the following statement in response to Civil Beat’s candidate questionnaire which stated, in part, “How do you balance the need for additional housing and private property rights while preserving the character of neighborhoods?”

- Mayor Blangiardi’s Response: “...the goal is to find the sweet spot that balances the needs of our local residents against investment and speculation in our residential neighborhoods that drives up prices and displaces locals;” and

WHEREAS, related to potential solutions, on August 1, 2024, the Honolulu City Council introduced Bill 46 (2024) Relating to Real Property Taxation that seeks to establish an empty homes tax on residential units that are vacant (as defined in the draft bill); and

WHEREAS, the rationale behind Bill 46 (2024) is noted in SECTION 1. Purpose, which states, in part:

- “An empty homes tax could help to ease these problems by: (1) encouraging existing owners to rent or sell vacant housing stock for use as homes for local residents; (2) increasing the City’s supply of homes to better meet demand and reduce market pressures that cause high and unaffordable housing prices; and (3) raising funds for affordable housing and homelessness solutions;” and

WHEREAS, Honolulu City Council Chair, Tommy Waters, who introduced the bill with Council Floor Leader Radiant Cordero, has advocated for and championed the concept by noting the following during the recent HSH Committee meeting on August 21, 2024:

- “The intent of Bill 46 is to fill these vacant units with local families. And I wanted to de-incentivize outside investors from buying up these properties and then just

simply leaving them vacant for a few years and then selling them and making a couple hundred thousand dollars (which is what we're seeing);” and

WHEREAS, to mitigate unintended consequences, versions of Bill 46 (2024) provided numerous exemptions that could be claimed for various scenarios (which may include, but are not limited to, long-term rentals, units under major renovations during the year, units actively being marketed for sale during the year, permitted short-term rentals, etc.); and

WHEREAS, notwithstanding the rationale and the numerous exemptions laid out in Bill 46 (2024), we acknowledge there may still be opponents of Bill 46 (2024), which may include those representing special interests (e.g., unpermitted short-term rental owners that may/may not fall under approved exemptions) or conservative/libertarian institutions; and

WHEREAS, although we acknowledge such opponents have the right to express their views, we believe that the words of our City/State leaders in response to this housing crisis should inspire multiple bold initiatives and swift responses; now, therefore,

BE IT RESOLVED that NB 13 supports the concepts of Bill 46 (2024) to establish an empty homes tax on vacant residential units (as defined in the draft bill) in Honolulu; and

BE IT FURTHER RESOLVED NB 13 urges other neighborhood boards in Honolulu to consider a similar resolution for their boards and to also consider submitting written/verbal testimony as an individual to the City Council during future readings of Bill 46 (2024); and

BE IT FINALLY RESOLVED that this resolution is to be distributed upon adoption to the Honolulu City Council Members, the Director of the Honolulu Department of Budget and Fiscal Services, and the Mayor of Honolulu.

INTRODUCED BY: Ross Isokane

DATE OF INTRODUCTION: September 5, 2024

The Downtown-Chinatown Neighborhood Board No. 13 ADOPTED this resolution on September 5, 2024; 5-2-1 (AYE: Armstrong, Carvalho, Fitzsimmons, Isokane, McDonald; NAY: Lye, McCarney; ABSTAIN: Sturges).

Chair: Ernest Carvalho

A handwritten signature in blue ink, appearing to read "Ernest Carvalho", is written over a faint, light blue circular stamp or watermark.