

BILL046(24)
Testimony

MISC. COMM. 448

COUNCIL

COUNCIL Meeting

Meeting Date: Oct 9, 2024 @ 10:00 AM

Support: 70

Oppose: 29

I wish to comment: 11

Name: Sandra Van	Email: sandy@prpacific.com	Zip: 96792
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 10:10 AM
<p>Testimony:</p> <ul style="list-style-type: none"> • I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes. • I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy. • Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation. 		
Name: Ken Kribel	Email: kkribel@icloud.com	Zip: 96792
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 10:40 AM
<p>Testimony:</p> <p>I support bill 46.which includes multiple rentals to be included in the minimum 6 months. If the house is being used for 6 months it should not matter by whom.</p>		
Name: Jim Tree	Email: ssitree@aol.com	Zip: 96707
Representing: Self	Position: I wish to comment	Submitted: Oct 4, 2024 @ 11:06 AM
Name: Ziduan Na	Email: vt7351@gmail.com	Zip: 96792
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 11:20 AM
<p>Testimony:</p> <p>Zillow and MLS list around 9,500 furnished monthly rentals on our island. Events such as the Red Hill Crisis and Maui Wildfires highlight the critical need for temporary, furnished housing for our residents. Without these rentals, returning</p>		

residents will face a lack of affordable housing options. Those newly housed or dealing with job and credit challenges will also be left without options. Our healthcare system depends on temporary accommodations for traveling nurses, and industries like the military, universities, film production, and sports all rely on these monthly rentals. We cannot afford to undermine this essential housing segment with excessive taxation.

Name: Mary Farkash	Email: mary.farkash@corcoranpacific.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 11:35 AM

Testimony:
I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

Name: Charles Stark	Email: cstark@sonic.net	Zip: 96825
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 11:46 AM

Testimony:
Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name: Ray Debenham	Email: raydebenham@gmail.com	Zip: 99503
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Representing: Self	Position: I wish to comment	Submitted: Oct 4, 2024 @ 12:35 PM
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Testimony:

If you pass the short term taxation I will be put out of business. I have been coming to Hawaii twice a year since 1985. It is fun but if I cannot rent the unit part of the time, I cannot afford to continue to own the unit at 143W Kuilima estates.

Please remember that the was set apart for short term rental when it was first built. I spend about \$40,000 per year while in Hawaii

Thanks for listening

Ray Debenham

Name: Julie Cooke	Email: twoaltaflakes@yahoo.com	Zip: 96731
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Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 12:36 PM
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Testimony:

Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name: Clifford Yamaoka	Email: cyamaoka@yahoo.com	Zip: 92056
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Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 01:15 PM
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Testimony:

I am a successful, retired, local boy from Ewa. I currently live in Oceanside, CA. I own a 3 bedroom, 2 bath condo in Ko Olina so I can visit my relatives on Oahu and enjoy my home island twice a year. I have two sons that have families of their

own (3 grandsons) that live in California. I love sharing my love for Hawaii with them. I rent my place out to help with the expenses so in that way I help bring in tourist dollars to help the economy. I do not leave my place empty to impact the housing crisis in Hawaii.

Name: kathi white	Email: etoile@hawaii.rr.com	Zip: 96712
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 01:19 PM

Testimony:

I support the fact that property owners should have the right to decide to rent their house out mid-term or short term to prevent them from remaining empty. I also feel that "empty" should be defined. For example, a house that is unoccupied for longer than 12 months. Sometimes people have reasons for leaving their homes empty & don't have time to move the furniture out or prefer not to rent with their personal belongings in place - perhaps their work takes them abroad, or training in a different State, nursing home stays, recovery elsewhere as the home may have too many stairs. There are so many variables to an empty home. One needs to be sensitive to the needs of the taxpayers that pay both property tax AND pay for City & County salaries too. That's the idea here, trying to keep everyone happy!! It's a lot of work, but the subject is VERY delicate when one thinks of the different ramifications and effects it can have on property owners. The more one regulates private property rights, the closer we drift to losing sight of the Constitutional Rights of "We the People", you leaders included.

Name: Kelly Dewing Wedel	Email: wedelathome@verizon.net	Zip: 90505
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 01:48 PM

Testimony:

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

I should not be taxed more for having two homes and splitting my time between them.

Name: Fran Villarmia-Kahawai	Email: fran@pilhawaii.com	Zip: 96782
Representing: Self	Position: Oppose	Submitted: Oct 4, 2024 @ 03:02 PM

Testimony:

I am opposed to this bill as taxing empty homes will not create more affordable housing. We need to change zoning and issue more building permits to create affordable housing. In addition, how about creating tax incentives for owners who

sell to Hawaii resident owner occupants?		
Name: Kelly Lee	Email: kellyreports@gmail.com	Zip: 96734
Representing: OSTRA - Oahu Short Term Rental Alliance	Position: Support	Submitted: Oct 4, 2024 @ 03:02 PM
Name: Pam Daut	Email: pjdaut@aol.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Oct 4, 2024 @ 04:06 PM
<p>Testimony:</p> <p>I am 100% opposed to this. We own in a resort. Renters would not be able to pay the rents that we charge. There is plenty of housing, the problem is the people that want to short term rent less than 30 days not those that are compliant and rent 30 days and longer. Many people purchased here in Hawaii decades ago with the understanding that this is their second home or an investment property. By enforcing such a tax would hurt the economy. It is not right to punish those that purchased here decades ago. If anything is going to happen, it should only be new purchases and all others should be grandfathered in.</p>		
Name: Gary Peterson	Email: garympeterson@yahoo.com	Zip: 96815
Representing: Self	Position: Oppose	Submitted: Oct 4, 2024 @ 05:27 PM
<p>Testimony:</p> <p>The idea of taxing rich non-residents and second-home owners for the benefit of locals who cannot afford to buy a home sounds really attractive and can possibly increase votes for current committee members. But, will the tax actually increase the supply of homes available for rent or purchase? Housing and rent prices are a function of supply and demand. This bill is an attempt to increase the supply by dubious means. It severely penalizes those that fail to file the required paperwork on a timely basis. The administrative costs to monitor, audit, and manage this tax will be enormous. It will send a message to non-resident homeowners (from Japan and the mainland) that their tourist dollars are not welcome here. Many homes that will fall within the empty homes category are in resort areas that are not especially suitable or desirable for local renters, or are not affordable.</p> <p>If the goal is truly to increase the supply of the housing stock, then a more efficient and effective approach is to change the zoning laws, and permitting process such that it would not take years to obtain permits to construct or renovate homes.</p> <p>I strongly oppose this Bill and feel that it penalizes homeowners. Life brings many surprises - and one cannot predict what will happen to those of us that meet the exemptions to this tax at present, but may not be able to meet them in the</p>		

future for various, uncontrollable, reasons. Being forced to sell or rent a home held for generations due to one of these surprises is unreasonable. Additionally, if an owner rents the property to a renter and the renter does not satisfy the 6-month requirement of Sec 8_4 Exemptions (2), the owner would be subject to an exorbitant tax bill, where he has no control of the renter's situation. Although not very likely, this would be highly unfair to the owner.

Finally, if this Bill is to be enacted, it should at least have an effective date of about 5 years hence, to allow existing homeowners to plan accordingly and take the necessary action to avoid the tax. Having an imminent effective date will cause unnecessary havoc for existing nonresident homeowners, who will need time to plan accordingly.

Name: Michael Brant	Email: michaeljbrant@hotmail.com	Zip: 96815
Representing: Self	Position: Support	Submitted: Oct 4, 2024 @ 06:09 PM

Testimony:
Thank you for the CD1 version of Bill 046, ensuring that the purpose of the Bill - to augment the supply of available rental housing - is achieved without improperly targeting the Short Term Rentals that are also an important component of Honolulu's rental inventory.

Name: lois crozer	Email: lbc@hawaiiintel.net	Zip: 96734
Representing: Self	Position: I wish to comment	Submitted: Oct 5, 2024 @ 07:53 AM

Testimony:
I was originally for this bill because I believe properties bought for investment purposes only should be paying higher taxes. Unfortunately those properties which have illegal structures on them will not be taxed but those who have built ADU's, Ohana units or extra units LEGALLY will be taxed as an empty home unless they show proof of rental. This seems like pandora's box to me. It's one thing to tax an off island owner, but those many people who have illegal structures on their properties will get a free pass.

Name: Terence Tang	Email: terence.tang@gmail.com	Zip: 96825
Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 08:02 AM

Testimony:
Dear Members of the City Council,

I am writing to express my strong support for Bill 46 (24) CD1, which addresses the issue of empty homes while ensuring that mid and short-term rentals are not unnecessarily penalized.

Our island faces a critical housing shortage, and while new development is essential, it is equally important to address the problem of vacant homes that could otherwise provide much-needed housing for residents. This bill strikes a necessary balance by ensuring that permitted occupancy, including multiple rentals over 30 days, is recognized in the minimum 6-month occupancy requirement. By doing so, it protects mid-term rentals from being taxed as empty homes, which is crucial for maintaining the availability of temporary housing on our island.

As we've seen with the Red Hill Crisis and the Maui Wildfires, furnished monthly rentals provide vital housing for displaced residents, healthcare workers, military personnel, and those involved in industries such as film and education. These homes are essential to the well-being of our community, and without them, many will struggle to find affordable and flexible living arrangements. Excessive taxation on this sector would have devastating consequences on the local economy, our healthcare system, and the availability of housing for those in need.

I fully support Chair Weyer's amendments in Bill 46 CD1 that safeguard our residents and ensure the continued availability of temporary housing. I urge the Council to pass this bill and ensure we continue to prioritize housing solutions that benefit our entire community.

Thank you for your time and consideration.

Name: Angie Lum	Email: alum18@gmail.com	Zip: 96815
Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 09:11 AM

Testimony:

Honorable Council Tommy Waters,

I understand that our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

We need our monthly rentals to continue to provide housing for vital services like our military, nursing, our economy also relies on industries like filming, universities and sporting.

Please pass this bill so that these important commodities are preserved.

With Regards,

Name:	Email:	Zip:
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Patricia Lille	lillepat@cox.net	85253
Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 09:34 AM
<p>Testimony:</p> <p>I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.</p>		
Name: lillie mcafee	Email: lilliemcafee@gmail.com	Zip: 96792
Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 09:53 AM
<p>Testimony:</p> <p>I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.</p>		
Name: Luciano Minerbi	Email: lucianominerbi@gmail.com	Zip: 96826
Representing: Self	Position: I wish to comment	Submitted: Oct 5, 2024 @ 09:57 AM
Name: roger epstein	Email: repstein10@gmail.com	Zip: 96822
Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 10:19 AM
<p>Testimony:</p> <p>There is an enormous amount of non-local owned property that is not being utilized much. Proper utilization would bring down rental and housing costs. It is only fair to increase property taxes on these properties to provide for community needs.</p>		
Name: Brodie Lockard	Email: blockard@iname.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 10:55 AM
<p>Testimony:</p> <p>Please pass this important bill.</p>		
Name: Greg Puppione	Email: gpuppione@gmail.com	Zip: 96816

Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 11:19 AM
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Testimony:

Honolulu is ready. This is the third attempt in over five years, and the bill is ready. This version has addressed many previous concerns, and we know it will be revenue positive for Honolulu. Let's pass it so the City has time to implement it.

Residents are ready. 185 people move away from Hawai'i every single day. O'ahu's homelessness went up by 12% last year. Over 70% of O'ahu voters support a tax on empty homes. It's time.

Revenue should be for affordable housing. The current version of the bill dedicates half of the revenue from the tax to addressing affordable housing and homelessness. While most other places dedicate 100% of revenue to housing development, even 50% can go a long way and build many many homes for local families. The conversation can continue in the Budget Committee, but please pass this bill out of 2nd reading now.

Name: Leslie Keating	Email: keating.leslie@gmail.com	Zip: 96707
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Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 11:22 AM
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Testimony:

I'm in support of the empty homes tax. It's time to start prioritizing the people who live here above those that use property as an investment. If people can afford these investment properties they should be paying a higher tax especially since a bulk of their every day money isn't being spent here.

Name: Tom Tobin	Email: littobin@aol.com	Zip: 96734
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Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 01:01 PM
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Name: Richard Tillotson	Email: rtillotson@hawaii.rr.com	Zip: 86822
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Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 03:17 PM
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Testimony:

Aloha Council Members,

I urge you to pass Bill 46. With the third worst housing crisis in the nation, Honolulu is more than ready for legislation like Bill 46 which has been demonstrated to work in cities like Vancouver. This is the third attempt in over five years, and the bill is ready. This version has addressed many previous concerns, and we know it will be revenue positive for Honolulu as

it improves housing supply for your low and middle income constituents. Let's pass it so the City has time to implement it.

Mahalo for considering my testimony.

Richard Tillotson

Name: Jim Tree	Email: ssitree@aol.com	Zip: 96707
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Representing: Self	Position: I wish to comment	Submitted: Oct 5, 2024 @ 03:54 PM
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Name: Cynthia Rubinstein	Email: cynthiabeachfront@gmail.com	Zip: 96734
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Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 04:50 PM
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Testimony:

Quite happy to see bills moving forward that have the potential to actually make a difference.

This Bill 46, along with Bill 48, the later of which I consider Crucial for our Entire Long Term Rental Market, make sense. Way too many homes are sitting empty, especially on our coastlines and these homes should be paying higher fees, as long as we are not impeding the 30 day rental market, which is a much needed market for temporary housing as well as visitors who will not stay in hotels, who I have found, over the 40+ years that I have been handling these mid term rentals, are much more prone to fitting into a neighborhood that being a negative injection as the many illegal less than 30 day rentals have been. It is finally time to sort all of this out without cutting off our noses to spite the faces of our Residential neighborhoods.

It's nice to be able to speak positively about one of the bills before the Council; refreshing.

With Aloha, Cynthia

Name: Dale Jensen	Email: dalejensen2@gmail.com	Zip: 96734
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Representing: Self	Position: Support	Submitted: Oct 5, 2024 @ 09:43 PM
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Testimony:

October 5, 2024

Dear City Council:

I worked for a small engineering firm on the windward side of Oahu for 35 years. For about 20 of those years, I was involved in finding, interviewing and hiring new engineering staff for our firm. A major issue in both hiring and retaining skilled young staff, around which our company could build its future, was the lack of affordable housing. It would drive us crazy to hire young talented engineers and watch them walk away a year or two later due to an inability to see a future without an affordable home, even with both husband and wife working in good paying jobs.

I know there are many factors that go into the lack of housing on Oahu, but clearly if wealthy people from outside Hawaii can afford to buy homes here and leave them empty for many months a year, this is going to negatively affect the local housing market. We have limited land for development, we cannot afford to have homes standing empty to satisfy the vacation needs of non-islanders who just want to come to our beautiful home for a brief escape or two during the year. The lack of housing caused by empty homes ripples through all parts of our economy and our society. Who wants to live in a neighborhood filled with a bunch of empty vacation homes? Where is the sense of community when you barely know your neighbors because they are only there a month or two per year? I strongly support the empty homes tax just like I also supported the ban on short term vacation rentals in our residential neighborhoods. Let's do everything within our power to take back our housing and put it in the hands of people who live here and are willing to invest their time and efforts into building our local economy, neighborhoods and communities.

Sincerely,

Dale Jensen

Kailua

Name: Eileen Meuris	Email: emmeuris@gmail.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Oct 5, 2024 @ 10:23 PM

Testimony:

I oppose this bill as it will not actually help the housing crisis in Hawaii. The people of Hawaii need diverse affordable housing options. This bill will exacerbate inequality by forcing current owners to sell their housing to people who can afford excessive taxation to keep their units vacant, thereby depriving local businesses, charities and churches of income from part-time residents. Resort areas such as Ko Olina and Turtle Bay were never intended to provide meaningful opportunities for affordable housing to Hawaii residents and should be exempted from this legislation.

Name: cheryl rzonca	Email: cherylhawaii@yahoo.com	Zip: 96819
Representing: Self	Position: Oppose	Submitted: Oct 5, 2024 @ 10:26 PM

Testimony:

I am writing to you today to ask you to reconsider your bill 46. This bill is intrusive, unreasonable and just another control measure imposed on homeowners making it difficult to near impossible for local people to continue to live in Hawaii. I am a 4th generation Oahu resident who's family, as well as myself, has worked hard and sacrificed to be able to afford property here and do not appreciate the government telling me what I can and cannot do with my personal property. I already pay property tax, house insurance, home repairs, utilities, etc etc. There was no such law/clause in my purchase contract when I purchased my homes. This bill would also affect people who inherit family property which they might like to have available to friends and family (at no charge) when they come to visit especially since hotels etc. are not affordable here. There are many other senerios that you have not considered in your bill. People may have a family house that needs

fixing (work that does not require a permit) but they can only afford to do a little at a time and so would take a long time to complete. Another issue is the required extra paperwork involved for the homeowners. We certainly don't need or have time for that.

I also believe the cost to the government to implement this bill, enforce it along with paperwork and accounting for it, is not worth it and would be a great misuse of our tax dollars since it most likely will not generate enough revenue to pay for itself. I also don't believe it will be worth the money and time it will cost for the lawsuits it will generate. Surely you can find a better, more profitable way to generate funds for the homeless programs, preferably ways that would not infringe on our rights and force homeowners to lose our houses.

I believe this is an unnecessary bill that violates our rights, including our Constitutional rights, to own property (ies) and is a waste of government time and money. I urge you to withdraw support for this bill and kill it.

Sincerely,
Cheryl Rzonca

Name: Don Maxwell	Email: donmaxwell2@gmail.com	Zip: 96792
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 04:21 AM

Testimony:

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name: Minesh Parikh	Email: parminik@hotmail.com	Zip: 96815
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 06:17 AM

Testimony:

Dear Council members

I have owned a condo for several years and legally rent it while I am not occupying this condo. Starting this year, I have been paying nearly \$7,200 in property taxes and over \$12,000 in Short Term Rental taxes as a part of TA 1, GE 45 and Honolulu OTAT resulting in nearly \$20,000+ in total taxes per year. Besides considerable tax revenue, my condo employs several hard working local Hawaiian residents for maintenance and cleaning services providing crucial revenue for the locals.

Considering my condo unit that generates significant tax revenue for the government as an "empty unit" would be very inaccurate, for from reality and cheating to rob law abiding citizens of their properties.

I whole heartedly OPPOSE inclusion of my tax revenue generating, legal STR/TVU condo unit in empty home tax bill 46. We must get an exception by not being considered an "empty home".

Thank you

Minesh.

Name: Monique Auyong Speake	Email: moniquespeake@gmail.com	Zip: 96815
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 06:48 AM

Testimony:

My name is Monique Auyong Speake and I am a fourth generation property owner on Oahu. My father, Nicholas Auyong, was raised on Oahu, is deceased and now is buried in Mililani Cemetery. He was raised in Kalihi and as a child I visited the island in Aiea but I have many family members still living there. We pay all of our state property taxes and utilize our short term rental when we come to visit our family for Christmas and Ching Ming. We are required to rent it out when we are not there so that we can pay the short term rental tax and property taxes. Skyrocketing insurance and taxes are pricing us out and we will not be able to keep our property and therefore severing our relationship with our family on the island.

Please support this bill for the following additional reasons:

Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Mahalo,
Monique

Name:	Email:	Zip:
Lisa Vlachakis	lisaleach32@hotmail.com	96706
Representing:	Position:	Submitted:
Self	Support	Oct 6, 2024 @ 07:32 AM

Testimony:

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30-day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6-month minimum occupancy.

Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name:	Email:	Zip:
Skylar Breen	skylarbreen9@gmail.com	96706
Representing:	Position:	Submitted:
Self	Support	Oct 6, 2024 @ 07:34 AM

Testimony:

I support this bill as it is currently written.

Name:	Email:	Zip:
John Mair	mammothjohn@yahoo.com	85390
Representing:	Position:	Submitted:
Self	Support	Oct 6, 2024 @ 08:54 AM

Testimony:

Council Members.

I'm writing in support of Bill 46 and the need for more housing for local families. I also support the premise that mid and short-term rental NOT be taxed as being empty as we still have a need for these rentals as well as all of the jobs that support them. In locales already deemed feasible for short term rentals, especially Waikiki, putting these units out of business makes no sense. Most legal STR's generate much more tax revenue that the proposed tax and many if not most units in these areas are not suitable for family living (most being studio or 1-bedroom units..). STR's already have had the property tax quadrupled and hotel bed rates have become astronomical. We should control tourism but eliminating that segment is suicidal for Hawaii, just read the reports from Hawaii tourism sites and you'll find that many are staying away already. Please support us locals and do the right thing!!

Thanks,

John Mair

Name:	Email:	Zip:
Maureen Oberacker	antiqconn@msn.com	96813
Representing:	Position:	Submitted:
Self	Support	Oct 6, 2024 @ 09:58 AM

Testimony:

I support bill046(24) The housing shortage "crisis" has been an issue for decades. Homes and condos are purchased by foreign or non-resident owners for occasional visits (buy/sell or rent short-term for profit). There is also deceit where buyers say they will be the owner-occupant in order to be able to purchase a condo (and get good mortgage rates) or to avoid paying taxes+ on rentals. The cost of owning or renting has continually escalated as a result and many locals will never be able to buy a home (average cost is \$1.1 million). The workforce have been forced to move farther away from where they work. And, they often work 2-3 jobs to pay rent (or pay the mortgage) plus pay for basics and they still rely on credit cards. It equates to more time away from home, more time on the road (creating more traffic for everyone) and less time with family/friends enjoying living in Hawaii. We live on an island so we have limits on where we can build/live and too many locals have been priced out of Hawaii and forced to move to the mainland leaving friends and ohana behind. WE NEED TO ADDRESS THE HOUSING SHORTAGE "CRISIS" NOW. New construction takes years with land acquisition, permits, plans, hiring crews, ordering materials and bringing them in by containers+++ THE EMPTY CONDOS/HOUSING ALL READY EXIST. This bill makes sense and we need to do what's right for our residents (your constituents). This bill will help to house our work force, our local families, our aging population and our homeless population. Our island is filled with homeless individuals and families "our ohana" who not to long ago had housing. There was a 12% increase in homelessness last year alone. Sadly, there are also many whose downward spiral started years ago. Some of the individuals I talk to on the street are on long waiting lists for housing. They lost their homes from escalating rents (price gouging since covid) or were told by owners they were doing renovations and then they doubled the rent making it impossible to afford. They share personal stories of health challenges, losing their jobs or that their jobs don't pay enough to keep or qualify (*) for current housing costs so they end up on the street. It is easy to spiral when people have no hope

and don't see any light at the end of the tunnel. (*)Some management companies in recent years require potential renters to have income 3 x's the monthly rent or pay up to 6 months rent up front (dispersed to the owner of the property by the management company each month since it is illegal). WE NEED TO PASS THIS BILL NOW and dedicate 100% of the funds to housing and homelessness where it is needed. The government will benefit from taxes generated by the sale of homes and long term rent taxes. In closing, over 70% of O'ahu voters support a tax on empty homes.

Name: puanani hardwick	Email: puanani.hardwick@cbrealty.com	Zip: 96816
Representing: Self	Position: I wish to comment	Submitted: Oct 6, 2024 @ 10:32 AM

Testimony:
The taxation of vacant properties was not fully thought through. We have incidences of properties, that are in trust, whereas the owners are in nursing homes. The trustees could be friends, who have no idea of the impact of these taxes, therefore did not see a need to do anything. Afterall...they are trustees as a favor to the owners. Now these owners, who are in ill health and requiring 24 hour care, are facing enormous taxes. Shame on you for not thinking this through. Is it their fault that they had to vacate their home to go into a facility? Health issues became the focus, so the homes sat empty. Again, I'm sure when the general public hears about this...many will not be happy with this administration.

Name: Barbara Palmby	Email: bpalmby@charter.net	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Oct 6, 2024 @ 10:51 AM

Testimony:
I would like to say we certainly oppose this bill as it is now written. For our family who has saved many years to be able to purchase a condo that we planned to retire too in a few years, if the bill goes through as written, which we feel is unrealistic as well as unconstitutional. We would no longer be able to retire to our condo and we would have to sell it. Our condo would not be a place that would help the current housing shortage in Hawaii.
We would not be opposed to an additional \$7400.00 cap on a bill for our home if it sat empty for longer than 6 month. We have family that stays there sometimes along with ourselves.
We do feel that if this bill passed it would also be a logistic nightmare for those who have to monitor this bill. There are currently 4 cities that have an empty home tax, of those, 3 have placed a cap on it between \$3000-\$6000.00 if this would be approved I would think there would not be that need to add more staff to monitor this.
It would also be an invasion of privacy to " inspect" homes periodically. (this is unconstitutional)
As a real estate agent myself I am very aware of a housing shortage all over the US not only in Hawaii. The difference is that other states/county's make it much easier to get the building permits that are needed, I know there is a huge disconnect here in Hawaii with getting permits quickly, this in itself would help to be a long term solution,(I believe that is what one needs to concentrate on) Building new homes and new condo's in Hawaii would be a much better solution if it could be done in a reasonable amount of time without all the red tape that one currently has to go through

Instead of continuing to propose new bills I think we need to get to the core problem and building some low income apartments and condo's or four-plexes, Would help be a part of the solution
Thank you for your time
Barb Palmby

Name: Richard Fernandez	Email: janinarichard@gmail.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 11:30 AM

Testimony:
I agree we need more housing for residents and strongly am against any amendments to this bill exclude rented home regardless of length. Any home that is occupied either rented or lived in by the owners IS NOT AN EMPTY HOME!!

Name: RALPH FURLEY	Email: rfmail2007@gmail.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 11:35 AM

Testimony:
COUNCIL MEMBERS

I SUPPORT THIS BILL AN AM GLAD THEY REMOVED ANY LANGUAGE CONSIDERING A RENTED HOME AN EMPTY HOME BASED ON THE LENGTH OF THE RENTAL TERM. AN EMPTY HOME IS AN EMPTY HOME PERIOD. ACTUALLY RENTED HOMES ARE JUST AS IMPORTANT AS HOMES THAT ARE INHABITED BY OWNERS.

Name: Cecilia Gomez	Email: ceciliagomezhawaii@gmail.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 11:37 AM

Testimony:
I support this bill. The only concern I have is if a person goes on vacation or has an emergency medical procedures in the mainland that my home is not considered an empty home. I do not like government watching and intervening on every aspect of my life.

Cecilia Gomez

Name: Jack Miller	Email: jack.miller2345@gmail.com	Zip: 97645
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 11:40 AM

Testimony:

I support this bill but have concerns on how the City is going to go about determining if a home is empty. Some folks spend time with family outside of Hawaii and the last thing I need is some bureaucrat designate my home as empty. I do not like the government going so much into my life that it interferes with my privacy.

Less government regulation the better,

Name:

Steven Patrick

Email:

stevepatrick2325@hotmail.com

Zip:

96745

Representing:

Self

Position:

Support

Submitted:

Oct 6, 2024 @ 11:44 AM

Testimony:

council folks,

Although I understand that an empty home could be put to better use i am concern with the way the county of Honolulu is going to "determine" an empty home? the criteria matters more to me and the last thing is for me to be hiring an attorney to fight the City because some government rubber stamping official unilaterally deemed my home vacant because i too a couple of months off on a business trip..

I do not like Big Brother in my personal life.

Name:

Andres Autrique

Email:

autrique12@gmail.com

Zip:

96815

Representing:

Self

Position:

Support

Submitted:

Oct 6, 2024 @ 11:44 AM

Name:

Shaun Campbell

Email:

islolandia@gmail.com

Zip:

96813

Representing:

Self

Position:

Support

Submitted:

Oct 6, 2024 @ 11:58 AM

Name:

Colleen Mehrer

Email:

rogncol@aol.com

Zip:

96707

Representing:

Self

Position:

Oppose

Submitted:

Oct 6, 2024 @ 02:03 PM

Testimony:

I oppose the proposed "Empty Homes" tax as it will not solve the problem it is intended to solve. This will not result in a substantial increase of affordable housing, and instead create burdensome paperwork issues for all property owners regardless of residency status. There are many unknowns to this proposal. How many personnel and how much money

will be required to administer this? Would this generate enough revenue to be effective? Will it actually increase the availability of affordable housing? Or will it just be another burden for all homeowners? If property values fall, owners lose equity and the government loses tax revenue--which will be "solved" by raising everyone's taxes. The housing crisis (which is a problem everywhere, not just Hawaii) would be better addressed by streamlining the permit process and incentivising construction of affordable homes. Instead of hiring people to administer checking up on every homeowner, hire more people to approve permits and reduce "red tape."

Name: David Dlyml	Email: ddlyml@gmail.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Oct 6, 2024 @ 03:07 PM

Testimony:

While there may be considerable pressure on city council members to approve Bill 46, I implore you to not take this easy way out of "solving" the housing shortage problem. My small house was "affordable" when initially purchased many years ago. It is used by family, yes family, and friends but does not qualify as anyone's primary residence. The supplemental tax is patently unfair to those that bought in times at affordable prices and have weathered property tax increases resulting from higher assessed values. IT IS MARGINALLY AFFORDABLE EVEN NOW. Hawaii has been a joyful place for us to come visit but the Damocles sword over our collective heads gives me grief and stress just thinking about what I will do next. Do you not appreciate this awful feeling and dread of how to cope with this situation?

It is a fallacy that out of state homeowners are taking housing supply from locals and of course what does the county want to do, tax the supposed "rich". So please do not lose sight that many properties caught up in this snare, are not higher end and built for more affluent buyers. Plus many of the homes at issue are not homes the average local family can afford. So let's take that argument off the table.

The real issue government needs to address is affordable housing and if that is the goal then allow it to happen with tax breaks and land to build on. Government is shifting the blame to the owners, but with the cost of labor and materials in Hawaii, a home is going to cost what it costs, so the only variable is land and the regulatory time and costs of building.

Also in the matter of taxation, think of any part time resident paying year round property taxes, but not being here to benefit from those services, fire, first responders, etc. They are already paying into a system they only use part of the time and their tax is based on the value of their home. I see that as a plus residents benefit from.

More study and public awareness of the EHT is only fair before this is enacted. Very few people are even aware of this proposed legislation.

I strongly urge you to vote No on this rule as currently being proposed.

A final comment, Honolulu realtors really need to start disclosing the potential negative impacts of this punitive taxation.

No one including those on the city council, would be happy with a three or fourfold increase in their property tax bill.

Name: Beverly Adler	Email: jeffandbev@jjjbsa.com	Zip: 96707
Representing: Self	Position: Oppose	Submitted: Oct 6, 2024 @ 04:49 PM

Testimony:

Many people who own condos and townhouses in Ko Olina bought their units years ago. My husband and I bought ours more than 20 years ago, some have been owners even longer. Prices were much lower of course 20 years ago, you didn't need to be super wealthy to buy a small vacation condo. It's in a designated area for vacationers, not a regular neighborhood so having it empty part of the time doesn't change the character of the neighborhood or prevent local folks from buying a regular home. Instead of trying to squeeze money from middle class people for having a vacation condo, when they already pay property tax based on the current value, by adding a new tax you are punishing the wrong people. I say punishing because at the current market (paper) value of our property, a 3% tax would add an extra \$45,000 a year beyond the tax we already pay. As a retired couple, we would have to sell our unit to a wealthier family who could afford that amount year after year. Instead, why don't you just raise the money you are seeking by taxing billionaires and mega millionaires, for instance, anyone whose adjusted gross income is over say \$1 million, if they own property in Hawaii regardless of how much time they spend here. They are the ones who can well afford it and it would be infinitely easier to police than trying to figure out who lives here more than 6 months and a day per year. And it wouldn't make middle income folks have to lose a vacation home they have invested in, and improved over time, providing jobs for local tradespeople no matter how many days a year they spend here.

Thank you, Bev Adler

Name: Deanna Espinas	Email: espihawaii@juno.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 07:13 PM

Testimony:

Strong support for passing the Empty Homes Tax.

Thank you.

Name: Ellen Godbey Carson	Email: egcarson@icloud.com	Zip: 96814
Representing: Self	Position: Support	Submitted: Oct 6, 2024 @ 09:28 PM

Name: Ellen Godbey Carson	Email: egcarson@icloud.com	Zip: 96814
Representing:	Position:	Submitted:

Church of the Crossroads (Honolulu)	Support	Oct 6, 2024 @ 09:29 PM
Name: Philomene Verlaan	Email: tcipav@yahoo.com	Zip: 96816
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 12:40 AM
<p>Testimony:</p> <p>Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.</p> <p>I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals and/or 30-day rentals are not taxed as empty homes.</p> <p>I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6-month minimum occupancy.</p> <p>Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable housing options. Job and/or credit-insecure persons will have no affordable housing options. Our healthcare systems will collapse without affordable accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.</p>		
Name: Andrew Boyle	Email: andrewjamesboyle@gmail.com	Zip: 95126
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 04:56 AM
<p>Testimony:</p> <p>I strongly support this bill as homelessness is a profound societal failure that can be fixed by simple measures such as Bill 46. 100% of the revenue from the taxation should go to build public housing for those without a home. Please pass the bill from this second reading today.</p>		
Name: Levi Brooker	Email: levibrooker@gmail.com	Zip: 96707
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 06:12 AM
<p>Testimony:</p> <p>While obviously the only true solution to the housing crisis is to incentivize the development of a ton of high density</p>		

affordable multifamily housing ASAP, in theory the empty homes tax could potentially provide a tiny bit of short term relief by bringing a handful of 2nd homes back into the supply pool for wealthy local residents to snap up and covert to rental housing. In any event, I am supportive of Bill 46 CD1 because it recognizes that Oahu needs to have at least some 30-day and mid-term rentals in resort communities like Ko Olina, and that these properties are not empty homes, and are already paying egregious GET/TAT/OTAT and Residential A property taxes that make it impossible to turn a profit. Applying an empty homes tax to these properties would be both wrong and damaging to the island.

Name:	Email:	Zip:
Bruce Bennett	bru@Hawaii.rr.com	96789

Representing:	Position:	Submitted:
Self	Oppose	Oct 7, 2024 @ 06:19 AM

Name:	Email:	Zip:
Linda Wakatake	wakaangel@aim.com	96782

Representing:	Position:	Submitted:
Self	Support	Oct 7, 2024 @ 07:23 AM

Testimony:

Aloha,

I am in support of Bill 46.

Revenue should be for affordable housing. The current version of the bill dedicates half of the revenue from the tax to addressing affordable housing and homelessness. While most other places dedicate 100% of revenue to housing development, even 50% can go a long way and build many many homes for local families. The conversation can continue in the Budget Committee, but please pass this bill out of 2nd reading now.

Thank you for your time.

Linda Wakatake

Name:	Email:	Zip:
Jeffrey Laurent	jeffrey.laurent@hotmail.com	08836

Representing:	Position:	Submitted:
Self	Oppose	Oct 7, 2024 @ 08:58 AM

Name:	Email:	Zip:
Sherilyn Larkin	spqlarkin@gmail.com	96815

Representing:	Position:	Submitted:
Self	Support	Oct 7, 2024 @ 09:13 AM

Testimony:

I stongly support Honolulu finally passing an Empty Homes Tax that will help as one step in addressing our housing needs as a community.

Residents are ready. Almost 200 people move away from Hawai'i every single day. O'ahu's homelessness went up by 12%

last year. Over 70% of O'ahu voters support a tax on empty homes. It's time.

Revenue should be for affordable housing. The current version of the bill dedicates half of the revenue from the tax to addressing affordable housing and homelessness. While most other places dedicate 100% of revenue to housing development, even 50% can go a long way and build many many homes for local families.

Name: Shellie Niles	Email: shellie.niles@catholiccharitieshawaii.org	Zip: 96822
Representing: Catholic Charities Hawaii	Position: Support	Submitted: Oct 7, 2024 @ 09:48 AM

Name: Shawn Kanaiaupuni	Email: skanaiaupuni@pidfoundation.org	Zip: 96817
Representing: Partners in Development Foundation	Position: Support	Submitted: Oct 7, 2024 @ 09:54 AM

Name: Norm Nichols	Email: norm@petroglyphs.com	Zip: 96823
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 10:35 AM

Testimony:

I am in support of BILL 46 (24) • Our island needs more housing for our residents there is an easy solution to our housing problem which would increase the overall supply housing for our residents. If we should consider asking the US government to just return their military population to the US continent as the military importance of Hawaii has long pasted. The amount of housing and lands would supply enough useable inventory to more than solve our housing problems. It would protect our aina from the reckless and irresponsible destruction of our limited natural resources, on all our islands like Redhill on Oahu, that the US government has abused for far too many years. We can no longer put up with their arrogance, failed solutions and destruction of irreplaceable natural resources. The loss of our valuable agricultural land by the State and counties by building needless housing is not the answer there are better solutions.

Name: Thomas M McCamley	Email: tmm21280n@hawaiiantel.net	Zip: 96819
Representing: Self	Position: Oppose	Submitted: Oct 7, 2024 @ 10:42 AM

Testimony:

Those pushing Bill 46 put the blame for homelessness and the extreme un-affordability of housing on Oahu squarely on the island's homeowners, who, they assert, are so rich that they can afford to hoard housing in this hyper-expensive market, keeping it vacant rather than renting it to generate the income needed to pay property taxes and skyrocketing expenses like insurance rates, sewer fees and electric bills, maintenance, etc. Thus local homeowners need to be

squeezed out of this unneighborly behavior with the threat of confiscatory taxation: Every year, everyone is guilty until proved innocent, lest the tax man strike. If this all seems somehow very disturbing and wrong to you, it's probably because it is highly likely to be unconstitutional.

It is also a nasty smear According to SMS's Hawaii Housing Planning Study 2019, commissioned by the Hawaii Housing Finance and Development Corporation (used as a reference by DBEDT), vacant, held for seasonal, recreational or occasional use homes make up just 4.1% of Oahu's housing units. The national average is about 2% (page 17 for your reference). This is a minuscule amount, but whatever the amount is, the key punchline here is that any rentals squeezed out of this segment would hit the rental market at the current unaffordable market rental rates anyway!

Economists, investors and business people know that the real culprit here is the Federal Reserve, which through zero interest rates and massive money printing created an explosion in the availability of credit since 2012. As a result, by the end of last year, average home prices in the U.S had been bid up by 67%, and on Oahu by 76%, taking rental rates up by the same amount on the way. This coincides with the terrible homelessness that we have seen over the last decade - human beings forced out onto the street by disastrous economic policies that they don't even understand.

Vacancy rates of course have absolutely nothing to do with this, so Bill 46 will only needlessly torment already struggling local homeowners and help no one, except the city coffers.

This is the city council's Van Cams moment, and unlike the legislators back in 2000 responsible for that hated debacle, there is no place for the city council to hide on this one.

Name: Andrew Leitheiser	Email: andrew808realestate@gmail.com	Zip: 96825
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 11:02 AM

Testimony:

Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that

of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name: Paola Grover	Email: paolax11@me.com	Zip: 96821
Representing: Hawaii Sunrise Properties LLC	Position: Support	Submitted: Oct 7, 2024 @ 12:52 PM

Testimony:

Dear Council,

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

Additionally I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Thank you so much for your time,

Paola Grover

Name: Elizabeth Y	Email: beth.hawaii09@gmail.com	Zip: 96744
Representing: Self	Position: Oppose	Submitted: Oct 7, 2024 @ 01:20 PM

Testimony:

No to more taxation. There are more and more people moving out of our State because they can't afford it. There are some locals who live most of the year in a state with lower taxes and come home to the rest of the year to be with family. However, they can't afford to live here full time because of all the other taxes we have on top of our real property tax (now you want to make this even more?). Let's lower taxes and find other ways to keep our locals here. This is not the way. It will hurt people more than help. When has more taxes IN THE LONG RUN ever helped?

Name: Linda Blomquist	Email: lindab@cbpacific.com	Zip: 96817
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Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 01:31 PM
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Name: Byron Ho	Email: leftsidepromo@aol.com	Zip: 96813
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Representing: Self	Position: Oppose	Submitted: Oct 7, 2024 @ 02:05 PM
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Testimony:

I strongly oppose Bill 46 (2024), which is proposed to create a so-called empty homes tax. There are many reasons for opposing this ill conceived tax and little positive born out of the thought process that is actually, backward in logic.

Factually, any property owner that does not live in state for any time of the year, 1 week, or or all year, is not using any city services. Services such as refuse, roads, parks and all emergency services add up to zero, for people not in state, but already paying property taxes, the largest implement of the city budget. In actuality, absent property owners should be filing for a discounted property tax, if they are not here using city services and assets, not asked to pay more.

The premise behind Bill 46, also lacks any factual evidence, or statistics, in particular how many homes would even be considered as "empty" and the complicated process to try and determine this. The Hail Mary hope that hundreds of empty homes would suddenly become open for rent, or even a bigger stretch, put up for sale has no factual basis. And in my opinion is simply a political Red Herring, to garnish public support for addressing the lack of housing, which is not any private homeowners responsibility. In my opinion Bill 46 is aimed at "empty" homes in a specific economic class, in areas like Kahala, Waialae, Kailua and new condominiums in Kaka'ako, all in the multi-million dollar price range. Even if some some how became eligible for rent or purchase, who in the current economic category that needs housing would be able to rent or purchase them?

It is always politically easier to pass a tax on someone else, tourists are primary targets because they don't vote, but they may start with their feet. To tax a neighbor that simply loves to travel, is not good public policy. They are paying property taxes and as stated, are not using county services. Additionally, the process all property owners will have to go through to prove they live in their homes is government over reach and an invasion of privacy. I would expect there to be class action lawsuits against the city regarding this privacy invasion. No property owner should have to prove to the county their living

status every year, we are not living in a socialist state quite yet.

The true target for new housing will need to come from government, through partnership with the private sector because there is no way to build housing particularly with the high cost of materials and protected unionized wages for all involved. Target housing prices are not 7 digits long and rents would likely need to be below a few thousand per month, which is not in the target range of Bill 46, thus it is just a Red Herring. It is unachievable through this though process, even if the island were flush with vacant homes. Rather than create false hopes and expectations, though unfair and draconian taxation, the county should be focusing on modernizing and rebuilding projects like Mayor Wright housing and other income restrictive products that would truly meet the demands those in need. It is governments failure to build specific, income level limited, housing for decades that has led to this shortage. It is not the property owner/tax payers responsibility to provide affordable housing in Hawaii, that is governments duty.

In summary, Bill 46, does not address the cause of the housing shortage, nor does it provide any factual basis for existing. It is very likely unconstitutional and will be mired in lawsuits that will likely strike it down. In a fantasy world, it would not even address the housing sector for which it is intended for resulting in no additional affordable rentals or homes for sale.

Name: Andrew Pereira	Email: andrewpereira95@gmail.com	Zip: 96789
Representing: Self	Position: Oppose	Submitted: Oct 7, 2024 @ 02:10 PM

Name: Douglas Winnie	Email: sinclairwinnie@aol.com	Zip: 90027
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 02:15 PM

Testimony:

Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name: Roland Kuroda	Email: roland@kurodaautobody.com	Zip: 96701
Representing: Self	Position: Oppose	Submitted: Oct 7, 2024 @ 02:27 PM

Testimony:

Aloha Chairman Tommy Waters and Council members.

My name is Roland Kuroda. I oppose the passage of Bill 46 related to "Empty Home Tax" (EHT).

During 2018, my wife and I started planning our retirement from our small business here on Oahu that we've spent the last 40+ years, operating and growing. Our dream was to purchase a "second home" on Oahu that our family and friends could enjoy whenever we wanted and be able to pass on the home to our children and grandchildren to enjoy in the future. Finally, we found a Mokuleia beachfront home that we purchased in April of 2020. We put hundreds of thousands of dollars to repair and refurbish the home to call it our own. We saved our money from working at our business and lived within our means to achieve our goal.

We understand that Hawaii is in a housing crisis, and our city leaders are trying to find ways to allow local residents to purchase or rent homes or condominiums on Oahu at affordable prices. However, we feel that the EHT is forcing us to make a financial decision by either selling or renting our property. Council chair Waters stated on a recent news interview, that the EHT ordinance may create inventory of homes to be sold or rented to local residents. In my opinion, this will not happen. The market price for these empty homes for sale will be sold at market prices, which in my opinion, will not be affordable to most local residents. That being said, foreign or mainland buyers would compete against locals for purchases. Chairman Waters continues to state that should empty homeowners rent out their properties he's hopeful that homeowners will rent to locals at affordable rates. There's no guarantee that will happen. The rental market will dictate rental rates. Homeowners want to preserve their investment and look forward to cashflow that will help cover expenses, and hopefully one day sell the property for a profit.

In our case, we currently pay \$23,400 annually at the " Residential A" rate with no homeowner's exemption. The added EHT would be \$77,835 at year 3, for a grand total of \$100,011 annually. We feel the EMT is punitive especially to us, being

lifelong residents of Honolulu County, supporting our community with purchases of goods and services and paying our fair share of local and State taxes. Furthermore, should we fail to pay the EHT we would be subject to foreclosure action or have our property seized by the city.

There are many homes that have been owned by local families for generations. Many of these homes are not rented long term and is used by family members and friends to enjoy. The intent for some homeowners is to create "legacy property" for future generations. I feel the Honolulu City Council and Mayor Blangiardi should address residences owned by local residents by providing an exemption for locally owned vacant homes. We should have a right to do as we please with our real property under the current Land Use Ordinance, and not be threatened by government by the "taking clause"

In closing, it is my opinion that:

- 1) The EHT is punitive to homeowners and
- 2) The EHT forces us to either sell or rent out the property because for us to pay \$100,011 annually for property tax is unsustainable.
- 3) Forced sale or rent probably not be affordable to local residents
- 4) The ordinance will also create an annual residential status application nightmare for the Department of Budget and Finance.
- 5) Will limit or eliminate my financial resources to support homeless initiatives like the Hawaii Food Bank and the Kahauiki Village which my family has donated tens of thousands of dollars in the past decade.
- 6)The City government is shifting the burden of solving housing affordability to private homeowners by the additional EHT, not guaranteeing success. Should the EHT becomes law, and the results are favorable to our housing crisis, who will be held accountable?

Finally, I question the constitutionality of the EHT should it become law. Re: "Taking Clause " under the U.S. Constitution.

Respectfully summiitted,

Roland and Sharon Kuroda

Name: Roberta Morgan	Email: robertamorgan@mac.com	Zip: 96707
Representing: Self	Position: I wish to comment	Submitted: Oct 7, 2024 @ 02:30 PM

Testimony:

Aloha Council members,

I have been following Bill 46 and think it needs more wok to avoid unintended consequences and unnecessarily burdensome administrative work. In its current form, I'm opposed to Bill 46.

I agree with Grassroot Institute Hawaii that we need to look at alternate ways to provide more affordable housing.

I also agree with Jim Tree in his letter that urges certain changes in exemptions 1 and 2. Please remove the term "principal resident" and instead use the revisions that council member Kia'aina proposed.

In addition to making changes in the first two exemptions, please reduce the 3% tax to something more reasonable. Even though Hawaii has the lowest tax rate in the United States, because of the property values and addition taxes charged for Residential A properties, the tax rate is about the same as the average property tax rate for the entire country. Please change the tax to something more reasonable with a cap on it, as other cities that have passed a similar law have done. 3% seems like a punitive tax.

Thank you for considering my proposed changes.

Roberta Morgan

Name: Ted Kefalas	Email: tkefalas@grassrootinstitute.org	Zip: 96813
Representing: Grassroot Institute of Hawaii	Position: Oppose	Submitted: Oct 7, 2024 @ 02:48 PM
Name: Andrew Pereira	Email: andrewpereira95@gmail.com	Zip: 96789
Representing: Self	Position: Oppose	Submitted: Oct 7, 2024 @ 03:11 PM

Testimony:

October 7, 2024

Aloha Chair Waters, Vice-chair Say and members of the Council.

I am writing once again as a resident of O'ahu to make you aware of the legal jeopardy that exists in your consideration of Bill 46, otherwise known as the "empty home" tax.

As noted in a lawsuit filed against the City and County of San Francisco's empty home tax, also known as Proposition M, I would like to make the Council aware of the following information:

First, the United States Supreme Court has repeatedly held that property owners' "power to exclude [others from the property] has traditionally been considered one of the most treasured strands in an owner's bundle of property rights," and is protected by the Takings Clause of the U.S. Constitution, *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 435 (1982). As a necessary corollary of that holding, the Court has also, in *Yee v. City of Escondido*, 503 U.S. 519 (1992), and other cases, held that the government cannot compel a property-owner to rent his or her property to third parties

without violating that Clause.

Second, while the charge imposed by Bill 46 is denominated a tax, that label is not conclusive; in determining whether a charge imposed by an ordinance is revenue-raising or regulatory — is a tax or a penalty — “the court will look to the substantive provisions of the ordinance and not merely its title and form,” *United Bus. Comm’n v. City of San Diego*, 91 Cal. App. 3d 156, 165-66 (1979).

Bill 46 is, in fact, a penalty with a predominantly regulatory purpose, and that regulatory purpose — compelling property-owners to rent out their real property — runs afoul of the Takings Clause.

Third, even if the various courts, and ultimately the Supreme Court were to conclude that Bill 46, in fact, imposes a “tax,” that would not save it. For one thing, property owners’ right to keep their property vacant — to exclude others — is an essential element of the property rights protected by the Takings Clause of the Fifth Amendment, and the government may not “impose a charge for the enjoyment of a right granted by the federal constitution,” *Murdock v. Comm’n of Penn.*, 319 U.S. 105, 113 (1943).

In other words, the government may not single out a constitutional right for special taxation or condition the exercise of that right on a payment to the government, *Levin v. City & Cty. of S.F.*, 71 F. Supp. 3d 1072 (N.D. Cal. 2014) (enjoining charge imposed by San Francisco as condition of evicting tenants to remove rented units from the market as an unconstitutional taking of private property).

In summary, property owners in the City and County of Honolulu have a constitutional right under the Takings Clause of the Fifth Amendment of the U.S. Constitution to not be coerced by the government into renting out their property, whether they desire to keep it unoccupied temporarily or indefinitely. See *Yee*, 503 U.S. at 528; *Loretto*, 458 U.S. at 435-40; *Cwynar*, 90 Cal. App. 4th at 658; *Seawall Associates*, 74 N.Y.2d at 104, 542 N.E.2d 1059.

Many O’ahu residents such as myself have worked all their lives to pay off their mortgages, thus allowing them to enjoy retirement by visiting family members who now reside on the continent or elsewhere. Sometimes these visits last several months at a time, and to be penalized simply because you are visiting family in other locations for six months or more and do not wish to rent your home, is inherently wrong. That is especially true when the penalty, or so-called tax, is in the tens of thousands of dollars for a single tax year (\$36,000 for a property valued at \$1.2 million). At minimum, if Bill 46 moves forward, which it should not, there must be an absolute exemption for anyone who’s property on O’ahu is their primary residence, regardless of how long they reside on O’ahu in any given tax year. If the Council’s goal is to penalize property owners with second homes, then taxing someone’s primary residence to the tune of tens of thousands of dollars per year simply because they choose to visit ‘ohana for more than six months each year, is the very definition of an unfair taking.

Furthermore, many property owners are hesitant to rent their primary residences for fear they will not be able to regain control of their properties if a renter refuses to leave. This process of eviction often takes many months and can cost the property owner tens of thousands of dollars.

Finally, it's my sincere hope that the City Council will take all the above information into consideration and await the results of a study commissioned by the city's Department of Budget and Fiscal Services (BFS), as detailed in Departmental Communication 620 on Aug. 20, 2024, before considering an empty home tax.

P.S. A copy of the lawsuit filed against San Francisco's empty home tax can be viewed here:

https://drive.google.com/file/d/1DcvBO8L5nxFAFN18uiRBISdkDJTzhnxz/view?usp=drive_link

Name: Elizabeth Nelson	Email: hawaiilizzie@gmail.com	Zip: 96744
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 03:13 PM

Testimony:

Thank you for your support of this bill. Housing is a critical need in Hawaii and homes sitting vacant should be taxed. And the revenue applied to truly affordable housing. It seems the right thing to do. Thank you.

Elizabeth Nelson

Kaneohe

Name: Elizabeth McArdle Solomon	Email: e-m-s@comcast.net	Zip: 94108
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 03:14 PM

Testimony:

Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name: Robert Perkinson	Email: perk@hawaii.edu	Zip: 96817
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Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 03:15 PM
<p>Testimony:</p> <p>Aloha.</p> <p>I'm writing in support of Bill 46, a measure to increase property taxes on vacant homes. Honolulu's housing crisis has to be addressed, and this is an easy and relatively painless way to at least mitigate the crisis. Of course it won't be painless for absolutely everyone. This will be a headache for investors and wealthy families who live outside of Hawaii and wish to keep houses or condos empty in Hawaii. But that is in fact the point of this tax, to administer pressure to move these empty units into the rental or sale market--or to gain revenue for the city.</p> <p>I'd like to make a simple point here. If we try to solve the housing crisis by not harming anyone we will all lose.</p> <p>This is a well-designed measure that will put pressure only on those best positioned to respond. Local families are counting on you to pass a robust bill that will help.</p> <p>Thank you.</p>		
Name: Keep it Kailua	Email: keepitkailula@hotmail.com	Zip: 96734
Representing: Keep it Kailua	Position: I wish to comment	Submitted: Oct 7, 2024 @ 03:55 PM
Name: Rhonda Nishimura	Email: ranishimura@gmail.com	Zip: 96817
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 04:47 PM
<p>Testimony:</p> <p>See my prior written testimonies.</p>		
Name: CJ PAET	Email: cjpaet@gmail.com	Zip: 96817
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 05:00 PM
<p>Testimony:</p> <p>Our island needs more housing for our residents. Although building housing is #1 solution, it does not make sense to allow the continued growth of "empty" homes.</p>		

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy.

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

Name: Lorna Holmes	Email: lholmes@hillsdale.edu	Zip: 96817
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 06:10 PM

Testimony:

I wish to express my strong support for the Empty Homes Tax. It would begin to address our serious problem of non-resident investors wasting our housing resources by keeping it uninhabited. Not acceptable! Such a tax is succeeding in other places, and over 70% of voters approve of it. Please pass out of second reading now, and implement as soon as possible.

Mahalo for your support.

Lorna Holmes,
Honolulu 96817

Name: Jeremy Sosner	Email: jsosner@privatehomeshawaii.com	Zip: 96734
Representing: Private Homes Hawaii	Position: Oppose	Submitted: Oct 7, 2024 @ 06:50 PM

Testimony:

I appreciate your efforts in the writing and discussion of this bill but I write to respectfully, oppose Bill 046_24_CD1. We manage dozens of homes for wealthy people who simply want to enjoy their 2nd home without having it tied up in long term rental. One owner I spoke with today spends \$150-\$180K per year just to maintain the home to include property taxes, maintenance, construction upgrades, housekeeping, window washing, pest control, pool and yard maintenance, etc., not to mention the thousands of dollars he, his family and friends spend in our restaurants, golf courses and shops. He said he would sell if an additional 1-3% of his assessed value (over \$4M) is imposed. They have no interest in renting the home - it is for pure enjoyment of an island they have been coming to for 30 years. Please discuss in your meetings

what is wrong about this type of business for Hawaii that would prompt the enactment of a tax to drive them away. I just do not understand how it would increase housing for local people. Thank you.

Name: Shari Hooks	Email: shari.hooks@cbpacific.com	Zip: 96734
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 07:34 PM

Testimony:
Supporting CD1: Oahu needs more housing options. We need temporary and furnished housing options. People who own property and rent it out shorter term (30+) for the majority of six months do not have empty properties. They provide housing for transitional renters, workers, returning residents, military, people in disaster need, visitors to ohana, supports tourism industry, film industry, construction industry, nursing and medical industry, and more. Please don't hurt owners this way, which in turn hurts renters, residents, and business in general.

Name: GALEN FOX	Email: galenwfox@gmail.com	Zip: 96813
Representing: Self	Position: Support	Submitted: Oct 7, 2024 @ 08:36 PM

Testimony:
It's time! This version of Bill 46 corrects many previous concerns. It will collect new revenue for Honolulu. Residents want absent owners to make unused properties either available to locals or paying for hoarding an empty home. You should, like me, be shocked that 185 people move away daily from Hawai'i, that our homelessness went up 12% last year, and that half the bill's revenue doesn't go for desperately-needed housing. Mahalo for your positive action!

Aloha, Galen

Name: Nobuyuki Nakajima	Email: nobuyuki.nakajima2@gmail.com	Zip: 96707-4425
Representing: Self	Position: Oppose	Submitted: Oct 7, 2024 @ 09:34 PM

Testimony:
I would like to oppose the Bill 46(24) due to the following reasons:
1) I am a foreigner and can't stay longer in the USA although I stay 2-3 months two times a year under my visa. I think it is very unfair for those foreigners who are limited to stay due to nationality.
2) I bought my property as a second house to stay 3 or 4 times a year in Hawaii and expect long term returns to support my retired life. Many of my Japanese friends buy the properties in Hawaii due to the same reasons for a second house and investment purposes. The Bill 46 would discourage those who own or are going to buy to invest in Hawaii. They don't cause any problem, but buy expensive properties, pay expensive taxes and come to Hawaii very frequently as well as

spend a lot of money to support local businesses. They may give up the ownership of the property in Hawaii and may go to Okinawa and California.

3) The proposed empty home tax is way expensive so that it becomes very difficult to generate capital gains.

The city of San Francisco started to impose the empty home tax from the beginning of 2024 as follows.

Square Footage	2024 Tax Rate
less than 1000	\$2,500
1,000 to 2,000	\$3,500
Over 2,000	\$5,000

I think it is undeniably reasonable so I would be willing to pay if the state set the tax as this level.

Thanks for your time to read my written testimony.

Nobuyuki Nakajima

Name: Claudia Parker	Email: cparker@parkerlawgroup.com	Zip: 96789
Representing: Self	Position: I wish to comment	Submitted: Oct 7, 2024 @ 09:37 PM

Testimony:

We are kamaaina, born and raised in Hawaii (4th and 2nd generation) who went to university on the mainland and lived and raised our kids on the mainland for 38 years. While living on the mainland, we came home to Hawaii yearly to expose our kids to Hawaiian ways and bought a condo on the North Shore for our use when we came home each year. We were able to return home for good in 2020 and are now retired.

- While agreeing that our island needs more housing for our residents, building housing is #1 solution.
- I have concerns about Bill 46 (24) CD1, but appreciate that it allows multiple rentals to be included in the minimum of 6 months. As currently written Bill 46(24)CD1 ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes. I would support this bill SUBJECT TO CHANGES.
- I support amendments that ensure this tax does not hurt our residents and that any permitted occupancy, including that of the owner, can be combined to meet the 6 month minimum occupancy. In our case, we own both our primary residence in Mililani and our condo on the North Shore which we bought in 1990 when we were living and working on the mainland. We rented it out when we could and would bring our kids home yearly to get to know our Hawaii home and deep roots. Our North Shore condo is NOT empty. Now living back home in Hawaii full time, we use our North Shore condo several days out of each week as our second home, as well as hosting our family and friends visiting from the

mainland. Our children and our grandchildren can't afford to stay in hotels for the length of time that they come (several weeks at a time). Waikiki hotels are not only far from Mililani where we live, but extremely expensive and do not normally have kitchens, causing our family and friends to spend inordinate amounts of money on lodging and food and travel/gas to come visit us in Mililani. Articles in the Star-Advertiser describe frequently how the cost of hotel rooms in Waikiki is skyrocketing for standard accommodations, despite a dip in tourism numbers. More importantly, why should kamaaina, like we kupuna, who have scrimped and saved for years to buy and maintain our North Shore condo be penalized with an ungodly tax that we can't afford now that we are on a fixed income after retirement? This North Shore condo is our home away from home for us and our family and friends and is our place of respite and healing--it is not empty! We would like to see this bill amended to include in the exceptions to the empty homes tax the time that the owners, their family and friends, spend in the property (gratis or not), without having to declare our second home as our principal residence (we already have a principal residence in Mililani).

- Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, contractors to the military, universities, film and sporting industries all rely on monthly rentals. In fact, we have in the past rented our North Shore condo to contractors to the military working on the communications facilities on the North Shore. We cannot afford to eliminate this vital housing segment through excessive taxation.

- Finally, it is certain that if passed, any attempt to enforce this empty homes tax will be met with litigation as it is a blatantly unconstitutional taking. What's next? If tutu has a 4 bedroom house but only lives in one room, will the City and County decide she doesn't need all that extra space and impose an "empty bedroom" tax to force her to rent out her other bedrooms? It is a slippery slope. It seems like litigation will take time and money away from the City and County needed for other more urgent matters. It's time to stop blaming the property owners (like us, retired kamaain who are kupuna on fixed incomes) for the failure of the State and City and County to streamline permitting (we all know the dismal record for permitting times), and to make development of affordable housing (with parking!) easier to achieve for developers wishing to build such housing. I urge you to amend this bill as described above.

Name: David Arakawa	Email: darakawa@lurf.org	Zip: 96813
Representing: Land Use Research Foundation of Hawaii	Position: Oppose	Submitted: Oct 7, 2024 @ 10:27 PM
Name: Christy MacPherson	Email: iainandaustin@hotmail.com	Zip: 96817
Representing: Self	Position: Support	Submitted: Oct 8, 2024 @ 12:12 AM

Testimony:

Aloha Chair Waters and Councilmembers,

As a concerned local citizen, I am in STRONG support of Bill 046(24). We are all too aware that the housing crisis in our County has reached dismal levels. There seem to be very few realistic solutions that would create more affordable housing unit availability for our island residents at this time. However, the Empty Homes Tax is one that will have a significant and positive impact on the housing market here. After researching and discussing this tax proposal, we know what its benefits are and how it brings us many steps closer to ensuring that everyone has a home while bringing in revenue for our County at the same time .

I urge you to please pass this out of the 2nd reading so there can be further discussion in the Budget Committee.

Mahalo for your consideration, Christy K. MacPherson

Name:	Email:	Zip:
Evelyn Hao	evyhao@gmail.com	96822
Representing:	Position:	Submitted:
Self	Support	Oct 8, 2024 @ 01:58 AM

Testimony:

Dear council members,

Please pass Empty Homes Tax Bill 046 (2024). It is now time for an "empty homes tax."

I strongly support this bill. What used to be considered a radical idea is now a feasible and vitally needed avenue to assist in meeting our local housing crisis.

It's a shame that so many apartments and houses in Honolulu are left empty when thousands of Honolulu residents are in such great need of a home. A home is where working parents and their children can feel safe; where they can start to dream and plan for a promising future.

Bill 46 provides one avenue toward opening up more available housing for our residents. It incentivizes property owners to rent out their empty homes or sell them to families looking for a home to buy.

And for those who can afford to keep their homes empty, Bill 46 also allows them to be contributors to Honolulu's housing efforts.

The bill, in its present form, addresses previous concerns. Most importantly, this bill helps to provide vitally needed housing for our residents.

Respectfully submitted,

Evelyn Hao

Name:	Email:	Zip:
Tena Davis	tenadavis@me.com	96707
Representing:	Position:	Submitted:

Self	Oppose	Oct 8, 2024 @ 07:39 AM
<p>Testimony:</p> <p>Opposed!</p>		
Name:	Email:	Zip:
Stu Simmons	stu_simmons@hotmail.com	96817
Representing:	Position:	Submitted:
Self	I wish to comment	Oct 8, 2024 @ 09:17 AM
<p>Testimony:</p> <p>As a Housing advocate, I have publicly supported the original version of Bill 46. Still, I firmly believe the CD1 will have significant unintended negative consequences that will cause more harm than good for our residents.</p> <p>The recently approved CD1 modified the original Bill 46 to allow 30-day rentals to be included in the number of days that qualify for a rental to be exempt from the empty house tax. Since the passage of ordinance 22-7, the vacation rental industry has created a business model of 30-day leases for vacationers (who average 10-14 day visits) when visiting Oahu. By allowing 30-day rentals to be included in the exemption for the empty house tax, Bill 46 will motivate thousands of empty house property owners to convert their residential homes into vacation rentals in order to avoid paying the empty home tax. The net result will be no additional homes for residents, no additional empty home tax revenue and thousands and thousands of new residential zoned vacation rentals harming our neighborhoods.</p> <p>I strongly recommend that the City Council return the original language that required rental periods to be no less than 90 days:</p> <p>(2) The dwelling unit is the principal residence of a renter or other permitted occupant of the property for at least six months in the tax year. Two rental or occupancy periods may be aggregated for the calculation of the six- month period; provided that any rental or occupancy of the dwelling unit for a term that is less than three months cannot be counted toward the six month period;</p>		
Name:	Email:	Zip:
Madelyn McKeague	madelyn@hawaiiancouncil.org	96707
Representing:	Position:	Submitted:
Council for Native Hawaiian Advancement	Support	Oct 8, 2024 @ 09:18 AM
Name:	Email:	Zip:
Elvia Alvarado	elviadonis24@gmail.com	96822
Representing:	Position:	Submitted:
Self	Support	Oct 8, 2024 @ 09:38 AM
<p>Testimony:</p>		

Hello City Council members,

My name is Elvia Alvarado, I am a current Political Science undergraduate student here at Manoa, and am here writing to you in support of Bill 46. I believe what Bill 46 proposes will significantly help Oahu and our communities when it comes to the housing issue we all face. Well over 70,000 units are empty here in Oahu and considering our homelessness, local people, and middle class families that often work two jobs to afford rent. Implementing Bill 46 will strongly help in keeping the local and working class here in Hawaii. We heard the argument already about empty homeowners being hit with a high tax is unfair, however if their empty unit that they only come to every once in a while when they want to vacation either becomes rented out or sold. Only positive outcomes surface for the local people of Hawaii, helping the families of Hawaii stay in Hawaii. Which is why when an opposition tunes in on zoom from the Mainland, I strongly urge you to dissect what it is they are asking and opposing. Homes for the people here in Hawaii, renting to the families of Hawaii. The very people who complain about a high empty homes tax because they live 6 months out of the year in California in their other home and can't make Hawaii their full time place of stay. Are the exact kind of people this tax should be hitting. Keeping locals and the working class of Hawaii here in Hawaii should be top priority for us. We hear it all the time "priced out of paradise" and it's devastating hearing the stories of people who have to work two jobs to support their families or protest for fair pay. Which is why I strongly urge the City Council to think about the people of Hawaii and pass Bill 46.

Name:	Email:	Zip:
Jeffrey Laurent	jeffrey.laurent@hotmail.com	08836

Representing:	Position:	Submitted:
Self	Oppose	Oct 8, 2024 @ 09:44 AM

Name:	Email:	Zip:
Gayle Akamine	enimakag@gmail.com	96706

Representing:	Position:	Submitted:
Self	Oppose	Oct 8, 2024 @ 09:49 AM

Testimony:

I am writing today to ask you to reconsider your Bill 46. This Bill is unreasonable and a control measure imposed on homeowners making it more difficult to live in Hawaii.

I am a 4th generation Oahu resident who's family as well as myself worked hard and sacrificed to afford property here! I do not think that the government taking control of my personal property is right. When we purchased our home, there was no such laws like this is stated in my purchase contract . I am already paying property tax, house insurance, home repairs, utilities and etc.This bill would also affect people who inherit family property which they might want to use for their visitors since hotels are not affordable here. Also there might be a family house without a permit that needs repairs but can only afford to do it a title at a time

This bill violates our rights to own property which will be a great misuse of our tax dollars and time.because it will be costly to enforce this bill.

I urge you to withdraw support for this bill and eradicate it!

Sincerely, Gayle Akamine

Name:

M Leong

Email:

Leong.EwaBeach@hotmail.com

Zip:

96817

Representing:

Self

Position:

Oppose

Submitted:

Oct 8, 2024 @ 10:06 AM

Testimony:

I oppose Bill 46.

It is a penalty not a tax.

Do you realize that it penalizes many low income property owners?

Not everyone who owns a "empty house" is an investor.

Many of us have saved for years to buy a property in Hawaii.

Once we have realized that dream, is it our fault that our parents passed away and left us with a house that they did not maintain but has many memories of a family growing up in it.

What are we to do if yet another tax is putting a burden us?

Sell our memories?

Get a loan to fix up the house that our family lived in so that it can be rented?

Have you been a landlord?

I have tried to do this several times.

And only sometimes have I been lucky enough to have a tenant who pays their rent on time and does not leave a dump when they leave.

Those that do not pay their rent on time, leave me with several month's of back rent, and thousands of dollars of repair costs.

Will my neighbors be happy about the house next door being rented?

Do you want renters in your neighborhood?

I don't care, but my neighbors have definite opinions about renters being close by.

How did that project of Mr. Kawamoto do when he tried to rent his empty investment houses in Kahala?

I know that not all empty houses are in Kahala?

But it seems that not everyone who lives in a single family house community is open to living next door to rented house.

Why are you not proposing or making developers build these Build to Rent communities

that I have read about?

A Build to Rent house will not be a McMansion, because not many people could afford to rent a luxury home.

It will be a modest home in a community of renters.

Maybe later the houses can be sold. And when they are sold they won't have a high price like new houses that are being offered now.

Instead of thinking up penalties.

Try to think solutions that will actually make things better for the community and not the developers and lobbyists.

And who are these people or organizations who proposed this bill?

Are they from Hawaii? Because it does not sound very Aloha to penalize your friend or neighbor.

Are they from the mainland? Are we trying to be like the mainland?

These are my thoughts and opinions on this subject.

And I probably have more, but you might be getting bored.

Thank You for reading my written testimony.

Name: Reyn Tanaka	Email: reynt@wkfinc.com	Zip: 96806
Representing: NAIOP Hawaii	Position: I wish to comment	Submitted: Oct 8, 2024 @ 10:29 AM

Name: Ross Isokane	Email: isokane@gmail.com	Zip: 96813
Representing: Self	Position: Support	Submitted: Oct 8, 2024 @ 11:32 AM

Testimony:

I still strongly support the empty homes tax.

Philosophically, I believe good governing involves four key steps:

- (1) Identifying the most critical problems
- (2) Coming up with multiple solutions that will help alleviate the most critical problems
- (3) Study the potential solutions to determine what trade-offs/unintended consequences will result.
- (4) Analyze, from a benefit vs. cost perspective, if #2's Total Positive Benefits outweighs #3's Total Downside Costs/Harms

For #2, the Total Positive Benefits is the relief for *hundreds of thousands* of Honolulu residents (across a variety of

income brackets) who have been struggling for years with some of the highest housing/rental costs in the nation.

For #3, the Total Downside Costs/Harms is (A) the additional tax on the thousands of comparatively wealthier individuals (who are blessed enough to have financial capital/assets that allow them to own multiple units of residential property) + (B) the detrimental economic impact to select industries that cater to/profit from speculative investment (such as real estate professionals, developers of luxury inventory, financial institutions).

My #4 Analysis tells me that the Total Positive Benefits greatly outweigh the Total Downside Costs/Harms and will, therefore, provide an Overwhelming Net Benefit for Honolulu to address our Affordable Housing Crisis.

Of course, it's prudent to consider other factors (such as constitutionality of the proposed solution, implementation challenges in the Administration). In the context of constitutionality, a 'tax' has generally been evaluated as separate from a 'taking' (and other cities like Washington D.C. have had a vacancy tax for years). And in the context of implementation challenges, we've had close to five years to figure this out (and multiple other cities can be used as a model). We can start with the self-declarations and iron out the kinks as we go.

Name: Keith Webster	Email: keithhawaii@yahoo.com	Zip: 96744
Representing: Self	Position: Support	Submitted: Oct 8, 2024 @ 12:09 PM

Testimony:

To: Honolulu City Council

From: Keith Webster

Re: Bill 46 (2024) – IN SUPPORT

Chair Tommy Waters and Council Floor Leader Radiant Cordero and Council Members

I'm writing to strongly support bill 46, the Empty Homes tax. Our 50-year housing crisis is getting even worse. This bill will quickly provide desperately needed housing for the people in our community and can provide significant funding to provide additional needed housing.

Housing is a big part of our community's challenges including homelessness, mental health issues, financial insecurity, depression and stress. Increasing our available housing supply will help all the people of Hawaii in many ways. This bill will significantly increase our useful housing supply by simply using the housing we already have to house residents. This bill will support our economy by providing housing priced for the paychecks Oahu's residents are receiving. This will help our businesses attract and retain the workers we all need.

This approach was tested in Vancouver B.C. and found effective. Our housing problem is even bigger. Let's house our people, strengthen our economy and keep our families together.

Respectfully submitted,

Keith Webster
Kaneohe, Hawaii

Name: Roy Matsumoto	Email: haleomalolo@gmail.com	Zip: 96822
Representing: Self	Position: Oppose	Submitted: Oct 8, 2024 @ 01:56 PM

Testimony:

Chairman Tommy Waters and City Council Members,

I am writing to express my opposition to City Bill 46 relating to the empty house tax.

My father was an avid weekend fisherman. While raising his family and working as a local business owner, he purchased a small beach front parcel on the north shore of Oahu in 1963. A year later, with the help of his friends, he built his dream weekend retreat. It was a modest 3 bedroom house with a prime fishing spot within a few steps of the property. There, he would teach my siblings and I how to fish and dive while respecting the environment.

In 2000, I purchased the house from my parents with the same goal of raising my children to love and respect the ocean.

We all pitched in to care for our parents cherished property. We currently all work through the week and spend the weekends at our beach house while enjoying the beauty that the north shore offers.

Now that I am on the doorsteps of retirement, I look forward to spending more time at our north shore home. However, I am faced with the possibility of either paying an unmanageable amount of new taxes, renting the house and not use the property as intended, or selling the property at the current market price.

I would like the council to consider that there are other local families faced with similar situation. We are residents born and raised here. We paid our share of taxes and contributed to our community. My father and I did not purchase this property as speculators or investors looking to make a profit. Our only intent was to enjoy our weekend retreat after working diligently through the weeks, months and years.

Sincerely,

Roy Matsumoto

Name: Albany Coate	Email: acoate@hawaii.edu	Zip: 96822
Representing: Self	Position: Support	Submitted: Oct 8, 2024 @ 02:09 PM

Testimony:

I am a student in my senior year at UH Mānoa and I support this bill. Bill 46 and the Empty Homes Tax contain measures

that will benefit not only the economy and minimize housing insecurity, but will benefit primarily the people of Hawai'i, your constituents, who have supported you throughout your terms. I am not from this land and I have a role as such to use what power I have to ensure that those who are from this land and who have lived here for generations have equitable access to affordable housing options. This tax will provide an inconvenience only to those who have the funds to support an extra tax, it will create ripples positively impacting the rest of society, from these taxes going toward lower housing prices and higher accessibility. I am a student double-majoring and minoring, while working a job, and I struggle to afford the high costs of housing. This is a decision that would affect the experience of many student's finding affordable housing options and has the possibility to create thousands in revenue and in quantity of living space. Passing this bill will not only impact lives today, but for generations to follow.

Name: Suzanne Young	Email: anakama@wik.com	Zip: 96813
Representing: Honolulu Board of REALTORS	Position: Oppose	Submitted: Oct 8, 2024 @ 03:05 PM

Name: Doris Donaldson	Email: ddddolfing@gmail.com	Zip: 96744
Representing: Self	Position: Oppose	Submitted: Oct 8, 2024 @ 03:20 PM

Testimony:

As a fixed-income senior resident of Hawaii, I am strongly opposed to Bill 46. I love the island of Oahu and have always enjoyed living here. I inherited the home my spouse and I live in from two, hardworking parents who did this so that we could spend our lives on the island of Oahu. However, changes in our family status and makeup have caused some of my family to move to the mainland. We have spent time with them when it is financially possible.

We have always considered our house to be a legacy to our parents. We have spent many years and dollars maintaining it as part of this legacy; also a promise made to both parents that I would keep this home forever. An "Empty House" tax would put a huge financial burden on us as Seniors and would likely cause us to sell and would end up in the hands of a wealthy investor.

It would be impossible for us to rent the home when we visit family on the mainland. I can't comprehend how this tax could help people who need housing when renting my house is not feasible and it punishes me in my inability to do so.

I would really appreciate the Council to consider my testimony and VOTE the bill DOWN.

Name: Melany Melakea	Email: melakea@me.com	Zip: 96744
Representing: Self	Position: Support	Submitted: Oct 8, 2024 @ 10:09 PM

Name: Michael Mayon	Email: mhmayon@yahoo.com	Zip: 96791
Representing: Self	Position: Oppose	Submitted: Oct 9, 2024 @ 07:14 AM

Testimony:

Re: Bill 46 Empty Home Tax

Dear Honolulu City Council members:

I am a retired, 78-year-old owner of a small home in Mokuleia on the North Shore of O'ahu. My wife and I lived and worked on O'ahu for several years in the 1970's. My wife worked as a teacher at Kamehameha School teaching Kindergarten and First grade teacher. I was in the US Navy and worked at Barbers Point Naval Air Station. We owned a home and lived in Makakilo during our entire stay on O'ahu. We returned to the Mainland in the late 1970's for my work. We made a commitment to return to Hawaii as soon as we could. We soon realized that we would have to start planning and saving for a home on O'ahu. For almost 40 years we saved for our return. In late 2016 we found a small home that we could afford on Crozier Drive in Mokuleia and purchased it. We soon learned that owning a second home on O'ahu would require us to pay a premium of almost twice the regular tax rate. We made that budget adjustment. Now facing the Empty Home Tax addition, we will be facing property tax fees more than \$90,000 per year in three years and increasing with the Assessor valuation year over year. On a fixed income, this is not sustainable and passing Bill 46 in to law you will be forcing many retirees to sell the beloved homes and leave the Island. Please consider the Kapuna's and exempt fixed income residents from Bill 46 and the outrageous expense or make a serious adjustment to the tax for seniors allowing us to afford stay in our homes.

I respectfully request a NO vote on Bill 46.

Mahalo for you time and consideration,

Michael H Mayon

68-495 Crozier Drive

Waiialua, HI 96791

Name: Susan Le	Email: susan.le@hiappleseed.org	Zip: 96816
Representing: Hawaii Appleseed	Position: Support	Submitted: Oct 9, 2024 @ 09:44 AM

Name: Cheryl Wilson	Email: clmccutcheon@msn.com	Zip: 96707
Representing: Self	Position: Support	Submitted: Oct 9, 2024 @ 09:49 AM

Testimony:

Mr Chair, fellow council members, thank you for listening to my testimony today.

My name is Cheryl Wilson. I am testifying for my family and myself. We have owned a condo in the Kapolei area for nearly 20 years. We bought it for our family to use and not as an investment property. In fact, our monthly condo fees, rapidly rising insurance and, property taxes that have more than doubled compared to the rates most citizens on Oahu pay, we are using our retirement savings. As I repeat, we bought this to use ourselves, the only investment is for our own enjoyment.

I recently testified that my husband, a 30 military veteran, has health issues. The many doctors visits and such make it hard to plan a long term schedule of when he can be at our condo. He intends to be there as often as his health and our family needs allow. As such this is not our primary residence but might best be described as a co-residence or ohana residence.

I have read about the problems other cities around the world have with housing shortages. This is not a uniquely Oahu problem. Yes, much of that is due to exorbitant property values. I know Vancouver Canada's problems became much worse when Hong Kong was reverting back to Chinese rule. Many of the Hong Kong citizens who had wealth looked for safe economies to invest in. This is not the case for many of us on Oahu who are testifying asking you to enact Bill 46(24)CD1. We are not buying properties to leave empty, denying workers, students and locals housing. We cannot turn over our family condos to workers when we are in and out of our places as time commitments allow.

The economy of Oahu benefits from families such as ours. We pay taxes, shop at businesses and dine in restaurants. We also volunteer with charities and other causes . Many of us donate to schools, churches, food banks etc.

If we are assessed the empty homes tax as proposed, my family will have to sell our property. The next buyer might be someone who does want it purely as a speculative investment and does not contribute to the economy. The expense of living on my property precludes teachers, students, hospitality workers etc from living there. So, it would not help the very people you say this bill would help.

As I have stated we bought our condo for our family's use.

Please pass bill 46 with the amendment CD1 as proposed by some members of your city council.

Thank you,

Dear City Council:

October 4, 2024

Hawaii does face a housing crisis, and the empty homes tax can be a means to encourage owners of unoccupied homes to get these homes occupied. I encourage the concept but ask the City Council to make an important amendment to bring Exemptions 1 and 2 into alignment with the purpose of the Bill.

The Purpose of the Bill – “to address the taxation of vacant residential properties in the City and County of Honolulu”.

The stated purpose of the Bill is to tax vacant residential properties. However, in the version of the Bill that is before the City Council, homes that are occupied for 12 months can still be taxed. That is fully occupied homes can be levied the Empty Homes Tax. Take for example, a local family inherits the grandparents’ home on Oahu. Five brothers and sisters are co-owners of this Oahu home. Each of the five siblings own principal residences on an outer island. Between the five siblings, they occupy their second home on Oahu for 12 months of the year. Under the version the council is considering, these owners would be assessed the Empty Homes Tax (\$30,000 per year on an average price home).

Exemption 1 states that only if the dwelling unit is the principal residence does the occupancy count. The Bill states each person can only have one principal residence. Please consider amending exemption 1 as follows:

“A dwelling unit on residential property is an empty home unless it qualifies for any of the following exemptions:

- (1) The dwelling unit is ~~the principal residence of~~ **occupied by** one or more of the owners of the property for at least six months in the tax year;”

This simple Amendment will avoid taxing fully occupied homes. The purpose of the Bill should not be to create revenue for occupied homes, but for vacant homes. It should not matter if the owners occupy the home as second homeowners if the home does not sit empty. I understand if the home sits empty for more than half the year, but Exemption 1 as currently written does not fulfill the stated purpose of

the Bill. Many local residents that have second homes that are occupied by the owners will lose their homes under this version of the Bill.

Exemption 2 also needs to be modified. The current wording is ambiguous and can be read as only counting occupancy if the renter is the principal residence of the property, or could be read to allow occupancy even when the renter is not the principal residence. Here is the current wording of Exemption 2:

- (2) The dwelling unit is the principal residence of a renter or other permitted occupant of the property for at least six months in the tax year. Multiple rental or occupancy periods may be aggregated for the calculation of the six-month period;

If Exemption 2 is interpreted as follows:

- (2) The dwelling unit is the principal residence of (a) a renter or (b) other permitted occupant of the property for at least six months in the tax year. Multiple rental or occupancy periods may be aggregated for the calculation of the six-month period;

then even if the rental is occupied by a person for 12 months the owner needs to pay the Empty Homes Tax. For example, a local family saves and purchases a second home for a rental. This family rents the home for 36 months to a military family, whose principal residence is on the mainland. The rental would not be the principal residence of the renter as each person can only have one principal residence. Therefore, the local family would need to pay an extra \$30,000 per year of Empty Homes Tax even though the rental was occupied for 36 consecutive months by the same family. (Exemption 6 would not apply. It only applies if the owner of the home is serving on active duty and the home is empty while assigned outside the city.) This is not in keeping with the purpose of the Bill – to tax vacant residential properties.

However, a slight Amendment to the current version of the Bill will remove the ambiguity:

- (1) The dwelling unit is (a) the principal residence of a renter or (b) other permitted occupant of the property for at least six months in the tax year. Multiple rental or occupancy periods may be aggregated for the calculation of the six-month period;

Another way to correct these problems with Exemptions 1 and 2 is to incorporate the first two exemptions in version (EK-1):

“A dwelling unit on residential property is an empty home unless it qualifies for any of the following exemptions:

(1) The dwelling unit is physically occupied by an owner, renter, or other permitted occupant of the property for an aggregate total of six months or more in the tax year;

(2) The dwelling unit is classified or dedicated as a long-term rental. For the purposes of this section, a "long-term rental" means a dwelling unit rented for 12 consecutive months or more;”

I encourage Exemption 1 in the version by (EK) as it is cleaner and not ambiguous. It would allow owners that stay in the home for 5 months per year and that rent the home for 5 months per year to avoid the Empty Homes Tax. Even if Amended as suggested the current version would require local owners to pay the Empty Homes Tax even if the owners stayed in the home for 5 months plus rented the home for 5 months per year. EK’s version clearly fulfills the stated purpose of Bill 46 – **to tax vacant residential properties**, and to not tax occupied residential properties.

Mahalo,

Jim Tree



Honolulu City Council
Meeting: October 9, 2024

Re: Support of Bill 46 (24) CD1

Aloha Chair Waters, Vice Chair Kia'aina and Council Members,

The O'ahu Short Term Rental Alliance ("OSTRA") represents thousands of residents who own, manage and work within the legal mid and short-term rental industry. We also support those renters who need affordable rentals on our island, for any length of time.

Our island needs more housing for our residents. Although building housing is the #1 solution, it does not make sense to allow the continued growth of "empty" homes.

We support CD1 and ask that the Council consider amendments to ensure our residents are not hurt by the supplemental tax. We also ask that any permitted occupancy, including that of the owner, be combined to meet the 6 month minimum.

We appreciate your consideration and are available for any question.

Mahalo,

Kelly Lee

Kelly Lee
President & Executive Director
O'ahu Short Term Rental Alliance (OSTRA)

**Testimony on Bill 46 CD1
Relating to Real Property Taxation October 9, 2024
by Luciano Minerbi**

The Problem

Bill 46 (2024), relating to real property taxes, fails to recognize that a family or a household may own and be living in two apartments that are legally connected complying with the horizontal property regime of the building and that obviously correspond to two different tax key maps.

Bill 46 at page 2 correctly states that a person may only have “one principal residence”, but it should not use a single Tax Map Key Number as identifier. It should recognize that one principal residence may be constituted by two (or more) Tax Key Numbers like two apartment units connected and used by an owner-occupant and or his/her family members.

Bill 46 (2024) should not presume a home is empty unless the property owner applies for, and demonstrates eligibility for one of the exemptions listed in the bill. As the bill and the exemptions are drafted, they erroneously lead the C&C to declare a “property empty” when in fact it is fully owner-occupied as one’s principal residence. This C&C administrative decision would result in grave injustice and financial harm to the affected taxpayer.

Case Example

The property is constituted by two adjacent and communicating one-bedroom apartment units on the same floor. They are the single principal residence of the owner(s) but with only one of the units listed with the C&C for homeowner exemption and with the other unit without homeowner exemption. They are both, for decades, permanently occupied by the owner(s): they are not “vacant”.

Explanation

The principal place of residence of an owner occupant of a property is constituted by two different Parcel ID Tax Key Numbers corresponding to two different apartment units that are connected between them, as permitted by the Horizontal Property Regime of the building.

The C&C home exemption is claimed only on apartment A and not on apartment B. From the C&C records The Real Property Assessment Division would dictate that apartment A is “the principal residence” and Apartment B, is “vacant” simply because it does carry a homeowner exemption.

In Bill 46 (2024) Exemption 1 is not written to account for this crucial case.

The “permitted occupant” in exemption 2 is not fully spelled out under Definitions.

The “other occupant” in (d) (2) is not spelled out in the Definitions.

Crucially they do not account for the other co-owner or family members, who live and occupy the premises as there is no rental agreement among family member. All the Exemptions listed in Bill 46 (2024) deal with other special situations.

But an exemption that clearly account for a dwelling unit without the home exemption that in fact is occupied must be added to the bill so that the owner occupant is not saddled with an extra tax that should not be imposed because by the faulty administration of this bill.

The evidence of “property status”, like bank account and utilities bill listed in Bill 46 (2024) may be used by the C&C to determine ownership, or rental status, but no one properly addresses “occupancy” of co-owners or of family members.

Requested Remedy:

Bill 46 in paragraph 8_4 Exemptions should include and list the case of a principal place of residence, de facto owner-occupied, that is constituted by two or more dwelling units, with 1 home-occupant exemption applied to one apartment unit and 0 home-owner exemption applied to the other unit(s).

The C&C should accept, keep on file, and record a property status declaration submitted by a taxpayer for the case illustrated above so to avoid that a dwelling unit actually occupied is not erroneously listed as “vacant”.

The C&C should exempt taxpayer in submitting an annual property status declaration if C&C has on file a Lifetime (or multi-years) Right of Occupancy Agreement. This would lessen the annual burden on the C&C administration and on the taxpayer.

Taxpayer should be able to request and obtain from the C&C on site verification of occupancy before levy the tax for “empty” home.

Testimony respectfully submitted by
Luciano Minerbi,
professor emeritus of urban and regional planning, UH,
as an individual and as an expert in my field and
as former C&C Commissioner of Housing and Community Development.
lucianominerbi@gmail.com
2444 Hihwai st apt 2005, Honolulu, Hi 96826

Members of the Council

I am writing in support of Bill 46(24). We have owned our family home in Kailua for nearly 20 years. Although our primary home is in California, our home has become the cherished gathering place for our Oahu ohana and relatives temporarily living on the mainland. Our home is not a financial investment, and our property taxes already are much higher than what we pay in California. We live in our Kailua home for at least three months each year and our grown children spend time there. Being at home in Hawaii is crucial to us and for the entire Ohana. We rent the house when we can and have welcomed medical professionals temporarily on Oahu, new residents who are looking to buy and residents dislocated by construction projects. We also have welcomed visitors who stay for 30 days or more. The rental income helps us pay our way and maintain the house in good condition.

Bill 46(24) allows the combination of family occupancies and rentals of 30 or more days to meet the minimum 6-month occupancy requirement, which will allow us to keep our family home.

Please vote in favor of Bill 46 (24) and the amendments that allow combining family occupancy and multiple rentals.

Tom Tobin

Ease the Administrative Burden and Improve the Chances of Success.

The current version of Bill 46 will create a huge Administrative Burden on the City. Because of the very high tax, 3% or \$30,000 per million of valuation, almost everyone potentially affected by the tax will be spending substantial time, money, and effort to escape the tax.

One of the best ways to ease the Administrative Burden is to put a reasonable cap on the tax as most other US cities that impose this tax have done. All but one major US city with an Empty Homes Tax has capped the tax at between \$3,000 to \$6,000. At first blush it may appear that substantially less revenue will be collected with a reasonable cap.¹ However, a flat 3% tax will make it worthwhile for every single person to do all they can to fight this tax. While a cap of \$7,400 will reduce the incentive to fight the tax, resulting in less Administrative Burden and greater revenue by collecting on many more properties.

Take for example the 3 million to 20 million dollar properties on Oahu. Although it seems great to impose a \$90,000 to \$600,000 yearly tax on vacant homes in this price range, the City can expect to not collect any Empty Homes Tax from homes in this price range. If these are second homes the City will continue to only collect the Residential A property tax rate. These owners will find a way around the Empty Homes Tax. All they will have to do is have an employee work remotely six months per year and stay in their Oahu home, or have a relative live six months per year in their second home. These mainland employees or relatives will be persons with no other principal residence so the Hawaii home will qualify as their principal residence while they live on Oahu. This will do nothing to increase housing for local residents and will raise no revenue to fund homelessness or for affordable housing. Hawaii will continue to provide these rich second homeowners with a reduced property tax of .4% on the first million. By capping the Empty Homes Tax at \$7,400 it will not be worth it for these foreign homeowners to sponsor people to occupy their homes, they will pay the \$7,400

¹ I propose a cap of \$7,400 which if adopted would be the highest cap of any US city. The Residential A property tax rate for 2025 will be .4% on the first million and 1.14% over one million. I propose capping the Empty Home Tax at the difference between the first tier and second tier of the Residential A rate. Property tax on the first million in Residential A is \$4,000 and on the next million \$11,400. The difference between the first tier and second tier is \$7,400. The mean property tax in the US is 1.14%. By assessing Empty Homes 3% but capped at \$7,400 Empty Homes are not given the reduced tax on the first million, they pay the median property tax in the US from the first dollar.

each year. 2,000 homeowners in this category will create an additional \$14,800,000 in revenue with little Administrative Burden. Having to audit these 2,000 owners who try to escape the 3% tax will take many additional full-time employees and attorneys.

In 2024 there are 2,967 condominiums that have escaped a higher property tax by dedicating their condos for residential use. chrome-extension://efaidnbnmnnibpcajpcglclefindmkaj/https://realproperty.honolulu.gov/media/izhpmfvd/resded_2024_121523.pdf 2,000 of these maybe unoccupied for 6 months but will find a way around the Empty Homes Tax if they have to pay \$30,000 or more per year. However, another 2,000 at \$7,400 per year will generate another \$14,800,000 with little Administrative Burden to the City.

There are 34,000 empty homes on Oahu. 98% or more of these will not pay the Empty Homes Tax. They will find away around it by having a friend stay in the home for 6 months per year. This will not improve affordable housing, this will not generate significant revenue. The audit process will be significant with many new City employees needed to monitor these 34,000 properties. However, a reasonable cap will present a different dynamic. If 50% of these properties rent to avoid the Empty Homes Tax and 50% don't fight the \$7,400 cap that would generate an additional \$125,800,000 per year for the city. (17,000 x \$7,400). In total that would be \$155,400,000 in Empty Homes Tax at \$7,400 per year. The City stands a better chance to collect more money for affordable housing with a \$7,400 cap than with no cap, and the Administrative Burden to the City will be greatly reduced.

Implementation of the \$7,400 cap.

There are two ways to implement the \$7,400 cap.

- (1) Simply add to “§ 8-__ .2 (b) *Tax calculation*. The empty homes tax rate for an empty home is 3 percent of the tax assessed value of the residential property, **capped at \$7,400 per year per empty home**, for the applicable tax year...”

OR

Do away with the Empty Homes Tax and create a new Property Tax Category called Residential B. The tax rate for properties in Residential B will be 1.14%

(the mean property tax rate in the US). All residential properties that are not occupied for greater than 6 months per year will be in the Residential B tax category. The Council would need to decide if all properties in Residential Dedication go into the new Residential B category. If so, that will eliminate almost 3,000 properties from the Administrative Burden of determining if the properties are Empty Homes or not.

Additional Benefits to the City.

A tax of 1.14% is equivalent to the mean property tax in the US. Such a tax will not be seen as an enemy to out of state investors. Little negative press will be generated. The City would be seen as not giving property tax subsidies to homes that are unoccupied for half the year, but not charging these owners more than the national mean. The City will not be seen as rolling out a “Your Not Welcome” mat. Instead, the Administrative Burden will be greatly reduced, many more properties will pay a higher amount, and the overall total could exceed the straight 3% tax while saving the City substantial sums on Administrative enforcement.

Waiver of Penalty for Removal from Residential Dedication.

The City is trying to get vacant properties into the rental pool so they are no longer sitting empty and trying to generate income if the properties remain vacant. There are currently about 3,000 properties in Residential Dedication, and many of these are unoccupied for much of the year. Removal of these properties from Residential Dedication and placing them in a rental pool as a TVU or as Hotel units has benefits for the City. Those owners that remove their properties from Residential Dedication and place themselves in the Hotel property tax category will go from paying .4% to 1.39% property tax, or an increase of \$9,900 of tax revenue on the first million of value. Since this is in keeping with the purpose of Bill 46 and raises revenue the City should waive the penalty for removal from Residential Dedication for at least one year from the passage of Bill 46.

Mahalo,

Jim Tree



Andres Autrique

808.927.9713 Autrique12@gmail.com 1684 Ala Moana Blvd., Apt. #1552, Honolulu, Hawai'i 96815

October 6, 2024

Honolulu City Council
Honolulu Hale
530 South King Street, Room 202
Honolulu, Hawai'i 96813

RE: Testimony in STRONG SUPPORT of Bill 46(24) and allocating funds towards affordable housing and homelessness programs

Aloha e Committee Members:

I write to express my STRONG SUPPORT for implementing the Empty Homes Tax, Bill 46(24) before this Council. I further advocate for allocating a substantial portion of its proceeds toward affordable housing and homelessness initiatives.

As our city faces an increasingly severe housing crisis, the negative externalities of empty homes have become glaringly apparent: These properties, often sitting vacant for long periods, contribute to the scarcity of available housing. The Empty Homes Tax is a powerful tool to address this issue by incentivizing property owners to either rent or sell these homes, thus increasing the housing supply.

However, the potential of this tax extends far beyond these benefits. By directing a portion of the tax proceeds to fund affordable housing and homelessness programs, we can make a significant and lasting impact on our community. The revenue generated from this tax presents a unique opportunity to address the root causes of housing insecurity and homelessness.

Investing these funds in affordable housing will not only support those currently without homes but will also—*and this is important*—mitigate the social and economic costs associated with homelessness, such as increased healthcare expenses, cost of crime, and the strain on social services. These costs of negative externalities can easily exceed \$70,000-\$100,000 per year for each person left homeless. (It would be a good idea to use initial funds from these taxation revenues to fund a study on the impact of this Empty Homes Tax after the first year of its implementation. Such a study could look at how many newly available rental and sales units have come on the market due to the tax and how many homeless persons are newly housed as a result.)

I urge this Council to ensure that the Empty Homes Tax is implemented effectively and that its proceeds are used to address the housing crisis directly. By dedicating these funds to affordable housing and homelessness programs, we can create a city where everyone can live in dignity and security.

Thank you for your attention to this critical issue. I look forward to seeing the City Council take decisive action to support the well-being of our community.

Mahalo piha,



Andres Autrique

Citizen Advocate



Shaun Campbell

808.388.3014 islolandia@gmail.com 860 Halekauwila Street, Apt. #501, Honolulu, Hawai'i 96813

October 6, 2024

Honolulu City Council
Honolulu Hale
530 South King Street, Room 202
Honolulu, Hawai'i 96813

RE: Testimony in STRONG SUPPORT of Bill 46(24) and allocating funds towards affordable housing and homelessness programs

Aloha e Council Members:

I write in STRONG SUPPORT of the Empty Homes Tax, Bill 46(24), and to advocate for the dedication of a significant portion of its revenues to address two of the most pressing issues facing our city: affordable housing and homelessness.

As you are well aware, the issue of homes sitting vacant while so many of our residents struggle to find affordable housing is a major challenge. These unoccupied properties not only contribute to the housing crisis but also exacerbate homelessness, leading to a host of social and economic problems for our community. The negative externalities of leaving homes unoccupied—such as reduced housing supply, increased rents, and the displacement of vulnerable populations—are clear and demand immediate action.

Implementing an empty homes tax is crucial to encouraging property owners to rent or sell these properties, thereby increasing the available housing stock. However, the impact of this tax could be further amplified by ensuring that all (or at least a most significant portion) of the revenues generated are directly invested in affordable housing initiatives and homelessness services. By doing so, we can tackle the root causes of these issues and provide much-needed support to those most affected.

Dedicating these funds to affordable housing development would help create more opportunities for low- and moderate-income families to secure stable housing. Additionally, allocating resources to homelessness prevention and support services would provide immediate relief to those currently without a home while also addressing the systemic factors that contribute to homelessness in our city. Furthermore, dedicating a portion of these funds generated by the Empty Homes Tax after its first year of implementation could assess the impact of this tax. Such a study could determine how many new rentals and sales units have come on the housing market and how many newly housed homeless persons there are as a result.

This approach is a moral imperative and an economically sound strategy. By investing in affordable housing and homelessness solutions, we reduce the long-term costs associated with emergency services, healthcare, and other public resources that are often strained by the impacts of housing instability and homelessness.

In short, I urge you to support the empty homes tax and ensure that the bulk of revenues are dedicated specifically to affordable housing and homelessness initiatives. This targeted allocation will help mitigate the negative externalities of vacant homes and provide a pathway toward a more equitable and sustainable future for all residents of our city.

Thank you for your consideration and your ongoing commitment to improving our community.

Mahalo piha,

Shaun Campbell

Citizen Advocate

**TESTIMONY OF ELLEN GODBEY CARSON
IN SUPPORT OF BILL 46, EMPTY HOMES TAX,**

In the Honolulu City Council
For Hearing on October 9, 2024

I have been engaged in seeking effective solutions for major community problems for many years, having served as a volunteer president of the Institute for Human Services, Hale Kipa Youth Services, and the Hawaii State Bar Association. My testimony here is on my own behalf.

I strongly support Bill 46. Please approve Bill 46 so it can move forward to a final discussion in the Budget Committee. We have been trying to enact this law for many years. Each year without an Empty Homes Tax is a missed opportunity for increasing our supply of homes, generating major new revenues for affordable housing, and decreasing demand from outside buyers who leave our housing empty. This bill will finally prioritize Oahu's housing for Oahu's residents.

Our housing crisis is too dire to pass this bill without allocating a major part of its revenues to address our housing crisis. This conversation should continue in the Budget Committee, as many of Bill 46's supporters have been urging 100% revenues be dedicated for our housing needs, as other jurisdictions have done with their Empty Homes taxes.

We have a humanitarian crisis when our property is so "impossibility unaffordable" that our median price is more than 10 times the median income of our local residents (per Demographia (see [here](#)), over half of our Native Hawaiian residents have needed to leave the islands, and thousands of our residents are homeless, literally dying because they have no home to live in.

Without dedication, we fear these revenues will be diverted each year to various other needs and deficits. We cannot fix this housing crisis without devoting major funds to building affordable housing and addressing needs of our homeless neighbors, and Bill 46 provides us the new revenue stream to do that.

Other jurisdictions with Empty Homes Taxes, including Vancouver, San Francisco, Oakland, and British Columbia, dedicate 100% of tax revenues to affordable housing and homelessness solutions. If we do not use these revenues for these needs, our housing crisis will continue to disrupt residents' lives and our entire economy, forcing residents to leave the islands or become homeless.

The Empty Homes Tax is essential for Oahu, as it can, for the first time, prioritize Oahu's housing for Oahu's residents. The Empty Homes Tax would not be paid by anyone who uses their housing as a home for local residents for six months a year, whether they own, rent, or occupy as ohana.

Bill 46 is modeled on Vancouver's Empty Homes tax, which has resulted in a 54% reduction of vacant homes and \$140+ million in new tax revenues for affordable housing initiatives, since 2018. (This, despite having only 2,193 empty homes initially – less than 10% of Honolulu's empty homes). Non-compliance rate has fallen from 7.5% to 0.7% in 2023, based on over 10,000 audits per year. Their revenues are sufficient to cover one-time implementation costs of \$7.5 million and estimated annual operating costs of \$2.5 million.

<https://vancouver.ca/files/cov/empty-homes-tax-annual-report-2023.pdf>. A similar British Columbia vacancy/speculation tax (2%) has generated \$300+ million in revenues for affordable housing since 2018, and has helped convert over 20,000 condos into rental housing for local residents. <https://dailyhive.com/vancouver/bc-speculation-vacancy-tax-metro-vancouver-condo-rental-conversion-statistics>.

Every year we go without an empty homes tax, we force our residents to live with this housing crisis, while foregoing millions of dollars in revenues that we could be using to build more affordable housing and help people out of homelessness. Without an empty homes tax, new housing developments are offered to investors around the world, who create more empty homes. Local residents cannot compete in the worldwide housing market. We need to fix our tax policy.

This bill deserves our strong support. Let's give it a chance to work in Honolulu.

Respectfully submitted,

Ellen Godbey Carson
Honolulu, Hawaii



A Just Peace and Open and Affirming Congregation

Testimony In Support of Bill 46 (2024) Empty Homes Tax, Honolulu City Council on October 9, 2024

The Church of the Crossroads was founded in 1922, as Hawaii's first intentionally multi-racial church. With approximately 180 members, our mission includes pursuing peace, justice, and stewardship of our environment.

Our congregation SUPPORTS an Empty Homes Tax for Honolulu. We urge you to pass Bill 46, and dedicate all its revenues for affordable housing and homelessness services. Our community's needs are immense, and every dollar of this tax should help address those critical needs. These revenues are essential to build the thousands of affordable homes our residents need and should not be diverted to other purposes.

The Church of the Crossroads believes our lack of affordable housing and homelessness are major justice and equity issues that hurt our entire community. We need big bold changes, not incremental adjustments to a tax structure that does not address Honolulu's needs.

Honolulu Property is "Impossibly Unaffordable," per Demographia (see [here](#))

\$1,000,000: Median home price in Honolulu.

\$85,857 Median household income in Honolulu. (2020 Census)

Median price of housing is now over 10 times median income

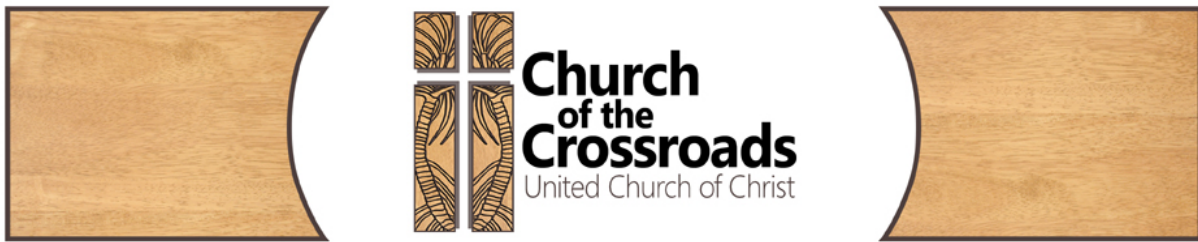
Investors are hoarding our local housing:

34,253 Vacant Housing Units - NOT Occupied in Honolulu (2020 Census)

9.2% vacancy rate for Oahu housing units (almost 1 in 10 units) (2020 Census)

Our Tax System is Broken. Let's help fix it, with an Empty Homes Tax.

1. We have the lowest property tax in the nation. This encourages outside investors to buy up our housing and hoard it for their own profits. This drives up our cost of housing while depriving local residents of affordable homes.
2. A well-designed Empty Homes Tax, like Bill 46, will impose tax only on properties that are NOT occupied at least 6 months of the year by persons who use it as their home (principal residence).
 - a. No one who rents, owns or occupies their home as their principal



A Just Peace and Open and Affirming Congregation

- residence would need to pay this tax for their own home.
- b. The tax would apply to properties NOT used for homes - those left vacant or blighted, or used for purposes other than homes for local residents.
 - c. The tax will encourage property owners and investors to convert existing vacant properties into homes for Hawaii residents, all **without** taking new land, **without** public subsidies, **without** NIMBY, and **without** permitting delays and costs, all of which stifle other major housing efforts.
 - d. Short-term equitable exemptions are provided (such as death of owner-occupant, major construction, sale or transfer of a property, military deployment, litigation related to property title, extended medical care, etc).
3. Lack of affordable housing is a crisis that continues to grow in our entire state. Failure to amend our laws to provide sufficient affordable housing for our local residents is morally wrong and economically unsustainable.
- a. Pricing local families out of affordable housing forces our families to live in overcrowded conditions or to leave our islands, tearing families apart.
 - b. Our economy is based primarily on local service jobs, most of which are not high paying. Yet our housing prices are being influenced by international speculation in Hawai'i real estate. The people buying at these high prices are often not living or working in Hawai'i.
4. What others say:
- a. The Oahu Real Property Tax Advisory Commission (ORPTAC) unanimously recommended implementing an Empty Homes Tax similar to Bill 46, to help address our housing situation.
 - b. The UCLA Luskin School of Public Affairs report for Honolulu identified the Empty Homes Tax as the form of tax best suited to the needs of our community and the capacity of local government.

While there is no one magic solution to our affordable housing and homelessness crises, an Empty Homes Tax can help address these problems, by increasing our supply of housing and creating dedicated revenues to address these problems.

Thank you for your consideration of this testimony and for your efforts to create a more equitable and fair community for us all.

Submitted on behalf of the Church of the Crossroads
By Mano Nguyen, Moderator (President)
Email: office@churchofthecrossroadshawaii.org

Honolulu City Council Bill 46 (2024) – taxpayer Bruce Bennett – STRONGLY OPPOSE

Dear members of the City Council of the City and County of Honolulu, staff, and others to whom it may concern:

My name is Bruce Bennett, a long time Honolulu resident, currently retired, I STRONGLY OPPOSE Bill 46(24) Relating to Real Property Taxation.

I think it is unfair, misguided, short-sighted, potentially problematic, litigious, nearly impossible to fairly enforce, and inappropriate for Hawaii.

It clearly is a revenue generating gimmick masquerading under the guise of attempting to address our housing shortage. How can we tell? For starters, about 80% goes to general fund. That alone nullifies any pretence of addressing any housing shortage. If vacant houses were to be encouraged to be occupied, we'd have a tax *credit* to promote this. Not a “stick” to institute punishment such as added taxes and penalties. We'd also enforce and further limit the illegal use of short time rentals for inappropriately vacationing out-of-state, even foreign visitors in our non-hotel zones and residential areas.

It is unfair. In many ways. For example, we don't impose penalties on our large landowners who enjoy low ag tax rates while never or seldom using the land for that designation- while they await potential development profit windfalls when they can turn over the legal ownership responsibilities to those purchasing the eventually developed land lots... We don't place penalties on vacant commercial or other business designated real estate. Inconsistent revenue generation there, huh?

I understand this works in a few places in the mainland. But caution is always advised when we implement a “copy cat” approach and blindly shortcut problem solving. For example, in those areas where it currently exists does the city or county there provide added services such as schools, libraries, more parks – while here - and it is a good and sound practice here - the counties get a “free ride” while the State of Hawaii provides these vital services?

This bill, to be enforceable would need added staff. At a time when retention and filling current empty civil service positions is already challenging. [Unless we await each 10 year census data!]

Again, I strongly opposed bill 46, and thank you for the opportunity to publicly so write.

Bruce Bennett
Mililani, Hawaii 96789

OPPOSED

Bill 46 (24) as proposed will not significantly improve Oahu's housing shortage or the homeless problem. It is a significant overreach by government which invades the privacy of homeowners and will have unintended negative consequences to ALL Oahu homeowners.

Our family currently is one of the 34,000 households classified as "Unoccupied" that would be subject to the proposed bill. Our family has had a home in Kaneohe for 13 years. It was not purchased as an investment property; rather we moved to Hawaii in retirement to live there permanently. After a year, we were forced to move back to the mainland to tend to the failing health of parents. Life continued to "get in the way" with numerous deaths, and health issues. As a result, we currently can spend approximately four months on Oahu, which is less than the six-month requirement of the proposed bill. For the 12 years that we have not been there permanently, we have continued to pay local businesses for upkeep and maintenance of the home including lawn care, pool care, A/C maintenance, pest management, etc. and we have continued to improve the property for which we have paid concomitant property taxes. If this bill were to pass, these expenses will have been a costly waste of money to us essentially equating to a bait and switch.

Our house is classified as Residential A. Because we are not residents of Hawaii, we are not entitled to any exemptions afforded the permanent residents. As a result, our tax rate of 0.7922 is more than double the 0.35 rate levied on permanent residents. This represents an annual property tax of \$16,858.06. This is already a significant penalty for not residing in Hawaii permanently. With the proposed incremental 3% "Unoccupied" tax after three years, we would be expected to pay an additional \$63,871 for a total annual tax assessment of \$80,729.06. This is an insane amount and well beyond what we can afford.

Our family has three options. We can stay in Hawaii more than the six months requirement and become Hawaii residents. This is our ultimate plan anyway, and it works for us financially. With the home exemption of \$160,000 for those 65 and older, at the 0.35% tax rate afforded permanent residents, our tax liability would drop to \$6,887.65 per year, an annual savings of \$9,970.41. In addition, Hawaii does not tax social security income, which would mean yet an additional savings to us. While we will gain, Oahu will lose \$9,970.41 annually in property tax revenue and will not receive the empty home tax. As it relates to the bill, there would be no additional housing added to the housing supply of Oahu, making it a LOSING proposition for Oahu.

The second option is selling the property. The bill is designed that the sale would open the house up to the purchase by a local resident to help reduce the housing shortage. Given the appraised value of the house, with a 30-year mortgage at an 80% mortgage loan to value (assuming they could come up with the 20% down payment of \$425,000) the purchaser of our home would need an income in excess of \$540,000. This does not fit the profile of the average resident of Oahu whose average income is given as \$121,288 (per Google). Once again, the bill does not assist in adding a home to the housing supply, as the payments would be well beyond the means of most residents.

Our third option is to rent our home out at a low level of rent to avoid paying the "Unoccupied" tax of \$63,841. We are NOT interested in becoming landlords. Had we been so, we could have rented our

house out for profit for the past years. We could not afford having renters that may not take care of the house and its furnishings in the way we expect it to be respected, and which could lead to very costly repairs. The bill is asking us to assume this costly risk. If we were to do so, the rent that could be received is likely beyond what is affordable on average incomes.

Will the government in the future start to evaluate rental income of houses to determine whether an “affordable rental rate” tax should be applied? If so, perhaps this should extend to current home rentals of homes owned by both residents and non-residents alike to force reductions of home rental rates to levels more affordable to the average resident’s income. I think it is clear that this is ridiculous, but where and when does overreach stop?

Fortunately, we read the “Star Advertiser” and are aware of the proposal and can testify on it. It is quite possible that many of the “Unoccupied” owners will not be aware nor informed of this until they get the surprise 1% increase in tax year 2026. At that point, they will learn that this tax will rise to 3% in three years. At that level of taxation, Oahu would become the highest property real estate rate in the NATION for those affected. With the return on the investment no longer there, owners who view the property only as an investment will unload them. There will be supply, although affordability will once again be doubtful. House values will decline not only for the “Unoccupied” owners, but also for ALL homeowners on Oahu. Appraised values will decline, resulting in lower tax collection. For those with mortgages and home equity lines, depending on the amount owed and the amount that the house value declines, their loan could become “underwater” with their lender, meaning that the amount of their mortgage exceeds the value of the house. Owners could find themselves in a position where the bank will ask them to make up the difference to be in their required loan-to-value. People with good credit standing with the bank could find themselves scrambling to make up the difference. When they are unable to do so, the bank has the right to call the mortgage and foreclose on the property. This scenario could potentially lead to homelessness. Once again, the proposed bill could result in unintended negative consequences rather than improving the housing situation. Oahu residents do not deserve to potentially be put in that position.

The proposed bill only has provisions to be exempt from its “occupied” requirements. There are no exemptions for those that go off-island for more than six months for a variety of personal reasons including religious, temporary job assignments, family care issues, humanitarian trips, extended travel, and so on. People are being highly disincentivized to lead normal, fulfilling lives if it includes going off-island. This is highly undesirable on many levels.

It is also highly intrusive that ALL homeowners will be required to fill out paperwork annually on their whereabouts. It is not the government’s business to know the whereabouts on any level of homeowners, including resident homeowners. Add to this is the fact that people can find it intrusive, intimidating, and unsettling to have their homes and movements audited or inspected. It is treading on the rights or at least the comfort of homeowners.

Additionally, the ‘whistle blower’ law is in effect in Hawaii, potentially entitling people to a fee for tattle tailing on neighbors. Owners should not have to worry that their neighbors are spying on them to get a reward. Ask any former resident of Cuba what this environment is like. This law does not foster the “Ohana” spirit, rather it can pit neighbors against one another for profit.

IN SUMMARY, the proposed bill is seriously flawed for the following reasons:

1. It encourages “Unoccupieds” to become permanent residents, thereby lowering the amount of tax revenue received by Oahu. Oahu will lose the tax revenue above the 0.35% currently enjoys.
2. With the sale of investment properties, property values for ALL Oahu homeowners will drop. This could lower property tax revenues and could result in the value of their mortgages exceeding the appraised value of their homes. This could lead to foreclosure and contribute additionally to homelessness.
3. This will impose unnecessary administrative work for EVERY homeowner every year. It is an intrusive overreach of government. As well, it could create bad will in the community with the lure of the whistle blower fee.

Also, there are those who assert that this bill is similar to the fees charged on Short-term rentals (STR’s). Please be clear that they are NOT alike. In the case of the STR’s, the owners are enjoying compensation from the rental. It is only fair that they pay for the disruption to their communities and the extra taxing to the Oahu infrastructure. The “Unoccupieds” are not enjoying any income from their vacant homes. They are simply paying their elevated unexempted taxes to Oahu.

We certainly feel for the homeless and for those who cannot afford housing. However, this bill will not make headway into the situation and will potentially create unintended negative social and economic problems for the people of Oahu. Instead, the Council should continue to explore other options by speaking with communities in other states on their steps to help housing affordability and homelessness. As a start, I would refer you to the housing model know as HDB’s (Housing Development Boards) that have been successful in the country of Singapore. Like Oahu, is also an island-country where land constraints are real. Singapore houses approximately six million people on an island of 718 sq. km. They accomplish this by going UP with high-rise housing rather than spreading OUT, creating functioning, affordable housing for the Singaporeans. Oahu could learn a great deal from the Singapore approach to housing.

Our family appreciates the efforts of the Council to improve the quality of life for the people of Oahu. Mahalo for all you do.

Jeffrey and Diane Laurent



CATHOLIC CHARITIES HAWAII

TO: Honolulu City Council
FROM: Rob Van Tassell, President and CEO, Catholic Charities Hawai'i
RE: Bill 46 CD1 - **IN SUPPORT**

Chair Tommy Waters and Vice Chair Esther Kia'āina:

Catholic Charities Hawai'i strongly supports Bill 46 CD1. By converting vacant units into rentals and dedicating tax revenue to affordable housing and homelessness initiatives, this bill offers a comprehensive strategy to address these intertwined issues. The revenue should be allocated to affordable housing and services. While the current version of the bill directs 50% of the tax revenue toward affordable housing and homelessness—compared to other areas that allocate 100%—even this amount can make a significant impact by providing the resources needed to build homes for local families and funding essential services.

Catholic Charities Hawai'i (CCH) is a tax-exempt, nonprofit organization that has been providing social services in Hawai'i for 77 years. CCH offers programs for elders, children, individuals, and families, with a wide range of services, including comprehensive housing and homelessness support.

Like many cities across the country, Honolulu has struggled to meet its residents' housing needs. Bill 46 addresses this challenge by incentivizing property owners to convert vacant units into long-term rentals, thereby increasing housing availability more quickly than new construction. It also creates a mechanism to generate tax revenue that can fund the development of new affordable housing and support homelessness programs. This approach is not only cost-effective but also promotes community stability and enhances social well-being.

Catholic Charities Hawai'i urges the passage of Bill 46 CD1. We believe that affordable housing is more than just a policy issue—it is a fundamental human right that affects the well-being of countless families and individuals. We strongly encourage the Council to pass this bill and affirm its commitment to the health and stability of our community. Thank you for your consideration.

Please contact Shellie Niles, Director of Advocacy and Community Relations
shellie.niles@catholiccharitieshawaii.org if you have any questions.



CLARENCE T. C. CHING CAMPUS • 1822 Ke'eaumoku Street, Honolulu, HI 96822





PARTNERS IN DEVELOPMENT
FOUNDATION

October 7, 2024

The Honorable Councilmember Tommy Waters, Chair & Presiding Officer
The Honorable Councilmember Esther Kia'āina, Vice Chair
1000 Uluohia Street, Conference Rooms A, B, and C
Kapolei, HI 96707

RE: Hearing on Wednesday, October 9, 2024 at 10:00 a.m.
Regarding **Support for Bill 046 (2024)** – Empty Homes Tax

Dear Chair Waters and Vice Chair Kia'āina and Members of the Honolulu City Council,

Partners in Development Foundation (PIDF) is an IRS Section 501(c)(3) public charity incorporated in the State of Hawai'i in 1997 to inspire and equip families and communities for success and service using timeless Native Hawaiian values and traditions. For 27 years, PIDF has provided free programs for at-risk communities across our state in the areas of multi-generational education (early education through adult), strengthening families and communities (full-service community school programming, workforce development, and a safehouse for adjudicated teens), and island resiliency (natural farming project providing training and youth mentoring for opportunity youth). Our latest expansion is serving young families who have been displaced in Lahaina, Maui.

In our years of experience providing our ten programs to keiki, young people and families, we see the struggles our community faces in trying to find affordable housing, meet basic needs and simply survive in this increasingly cost-prohibitive environment. We are saddened to see many young families moving out of our state to find a more sustainable lifestyle. PIDF believes that passing Bill 46 (2024) will provide hope for these families in seeing our City take necessary measures to increase the supply of available housing and work toward slowing the escalating housing prices to help make Hawai'i a place our young families can live in again.

We ask that you support Bill 046 (2024) to help promote an affordable Hawai'i.

Me ke aloha,

Shawn M. Kana'iaupuni, PhD
President and Chief Executive Officer

Serving Hawai'i's Families, Living Hawaiian Values

Zillow and MLS show approximately 9,500 furnished, monthly rentals on our island. Events like the Red Hill Crisis and Maui Wildfires require that our islands have temporary, furnished housing for our residents. Without monthly rentals, returning residents will have no affordable options. The newly housed or job/ credit insecure will have no housing options. Our healthcare systems will collapse without accommodations for traveling nurses. The military, universities, film and sporting industries all rely on monthly rentals. We cannot afford to eliminate this vital housing segment through excessive taxation.

I support Bill 46 (24) CD1 which allows multiple rentals to be included in the minimum of 6 months. This ensures that mid-term rentals, or 30 day rentals are not taxed as empty homes.

October 7, 2024

Aloha Chair Waters, Vice-chair Say and members of the Council.

I am writing once again as a resident of O'ahu to make you aware of the legal jeopardy that exists in your consideration of Bill 46, otherwise known as the "empty home" tax.

As noted in a lawsuit filed against the City and County of San Francisco's empty home tax, also known as Proposition M, I would like to make the Council aware of the following information:

First, the United States Supreme Court has repeatedly held that property owners' "power to exclude [others from the property] has traditionally been considered one of the most treasured strands in an owner's bundle of property rights," and is protected by the Takings Clause of the U.S. Constitution, *Loretto v. Teleprompter Manhattan CATV Corp.*, 458 U.S. 419, 435 (1982). As a necessary corollary of that holding, the Court has also, in *Yee v. City of Escondido*, 503 U.S. 519 (1992), and other cases, held that the government cannot compel a property-owner to rent his or her property to third parties without violating that Clause.

Second, while the charge imposed by Bill 46 is denominated a tax, that label is not conclusive; in determining whether a charge imposed by an ordinance is revenue-raising or regulatory — is a tax or a penalty — "the court will look to the substantive provisions of the ordinance and not merely its title and form," *United Bus. Comm'n v. City of San Diego*, 91 Cal. App. 3d 156, 165-66 (1979).

Bill 46 is, in fact, a penalty with a predominantly regulatory purpose, and that regulatory purpose — compelling property-owners to rent out their real property — runs afoul of the Takings Clause.

Third, even if the various courts, and ultimately the Supreme Court were to conclude that Bill 46, in fact, imposes a "tax," that would not save it. For one thing, property owners' right to keep their property vacant — to exclude others — is an essential element of the property rights protected by the Takings Clause of the Fifth Amendment, and the government may not "impose a charge for the enjoyment of a right granted by the federal constitution," *Murdock v. Comm'n of Penn.*, 319 U.S. 105, 113 (1943).

In other words, the government may not single out a constitutional right for special taxation or condition the exercise of that right on a payment to the government, *Levin v. City & Cty. of S.F.*, 71 F. Supp. 3d 1072 (N.D. Cal. 2014) (enjoining charge imposed by San Francisco as condition of evicting tenants to remove rented units from the market as an unconstitutional taking of private property).

In summary, property owners in the City and County of Honolulu have a constitutional right under the Takings Clause of the Fifth Amendment of the U.S. Constitution to not be coerced by the government into renting out their property, whether they desire to keep it unoccupied temporarily or indefinitely. See *Yee*, 503 U.S. at 528; *Loretto*, 458 U.S. at 435-40; *Cwynar*, 90 Cal. App. 4th at 658; *Seawall Associates*, 74 N.Y.2d at 104, 542 N.E.2d 1059.

Many O'ahu residents such as myself have worked all their lives to pay off their mortgages, thus allowing them to enjoy retirement by visiting family members who now reside on the continent or elsewhere. Sometimes these visits last several months at a time, and to be penalized simply because you are visiting family in other locations for six months or more and do not wish to rent your home, is inherently wrong. That is especially true when the penalty, or so-called tax, is in the tens of thousands of dollars for a single tax year (\$36,000 for a property valued at \$1.2 million). At minimum, if Bill 46 moves forward, which it should not, there must be an absolute exemption for anyone who's property on O'ahu is their primary residence, regardless of how long they reside on O'ahu in any given tax year. If the Council's goal is to penalize property owners with second homes, then taxing

someone's primary residence to the tune of tens of thousands of dollars per year simply because they choose to visit 'ohana for more than six months each year, is the very definition of an unfair taking.

Furthermore, many property owners are hesitant to rent their primary residences for fear they will not be able to regain control of their properties if a renter refuses to leave. This process of eviction often takes many months and can cost the property owner tens of thousands of dollars.

Finally, it's my sincere hope that the City Council will take all the above information into consideration and await the results of a study commissioned by the city's Department of Budget and Fiscal Services (BFS), as detailed in Departmental Communication 620 on Aug. 20, 2024, before considering an empty home tax.

P.S. A copy of the lawsuit filed against San Francisco's empty home tax can be viewed here:
https://drive.google.com/file/d/1DcvBO8L5nxFAFN18uiRBISdkDJTzhnxz/view?usp=drive_link

Oct. 9, 2024, 10 a.m.

Honolulu Hale

To: Honolulu City Council

Tommy Waters, Chair

Esther Kia'āina, Vice Chair

From: Grassroot Institute of Hawaii

Ted Kefalas, Director of Strategic Campaigns

RE: Bill 46 (2024) — RELATING TO REAL PROPERTY TAXATION

Aloha Chair Waters, Vice-Chair Kia'āina and other members of the Council,

The Grassroot Institute of Hawaii **opposes** [Bill 46 \(2024\), CD1](#), which would create a so-called empty homes tax supplemental to any other property taxes currently paid by owners of certain properties in Honolulu's residential zoning districts.

The surcharge would be equal to 1% of the property's assessed value for the first year the tax is in effect, 2% for the second year and 3% for all tax years thereafter.

The stated goals of Bill 46 (2024) are to increase the supply of homes by encouraging owners to rent or sell vacant homes and raise funds for affordable housing and homelessness.

Grassroot believes that an empty homes tax would be difficult to administer, create substantial paperwork problems for Honolulu residents — to the extent even of comprising an invasion of privacy — and is not the best way to increase the housing supply.

The first problem here is definitional: What is an empty home? The bill states that "a dwelling unit on residential property is an empty home unless it qualifies for any of the following exemptions."

Basically, Bill 46's presumption would be that a dwelling on Oahu is empty unless its owner qualifies for an exemption, which would put the burden squarely on property owners to prove their status.

It then lists 15 exemptions, including for homes used as principal residences for more than six months a year; rented for more than six months a year; for sale or recently sold; subject to court proceedings; determined to be a “substandard building”; licensed by the state as a halfway house; and other reasons.

But the number of exemptions can vary, as shown by the variations in other jurisdictions that have been experimenting with such a tax,¹ and also by the fact that when this proposal was introduced in 2022 at Bill 9, it listed only 11 exemptions.²

Beyond that, this proposed empty homes tax would leave it to the Honolulu Department of Budget and Fiscal Services to determine whether a property was truly vacant.

The bill currently states that the department would be required to mail a form to all owners of residentially zoned properties on Oahu for the owners to declare whether their homes are empty as defined by the bill.

Further, the bill would empower the department to conduct “audits and investigations to determine the validity of property status declarations made for any residential property,” and could require “owners or occupants of the property to provide information at any time up to three years after the tax year in which the empty homes tax is due.”

Such information would include but not be limited to government-issued personal identification, driver’s license, vehicle registration, utilities records, mailing addresses used for personal bank and credit accounts, tenancy agreements, occupancy agreements, proof of income and general excise taxes paid for rental income, proof of receiving or providing medical care by the owner or tenant that precluded occupancy of the dwelling unit, death certificates, court orders and proceedings, proof of military orders of deployment and possibly many other personal records.

Frankly, we at the Grassroot Institute think most people would consider having to provide such information as a condition of paying property taxes on a home to be an egregious if not unconstitutional invasion of privacy.

Privacy concerns aside, the magnitude of all this required paperwork, investigation and enforcement would be enormous. For fiscal 2025, there are 251,787 parcels in Honolulu’s Residential class and 28,058 in its Residential A class.³ This doesn’t count short-term rentals or bed and breakfasts that might exist in residential zones.

¹ Jensen Ahokovi and Mark Coleman, [“The empty homes theory of Hawaii’s housing crisis: A tax on empty homes might increase rental occupancies and generate tax revenues, but there is no evidence showing it would increase the state’s housing supply or reduce housing or rental prices.”](#) Grassroot Institute of Hawaii, May 2023, p. 8.

² [“Bill 9 \(2022\) — Relating to real property taxation.”](#) Honolulu City Council, Feb. 1, 2022, pp. 3-5.

³ [“Number of Records by Land Use Class for Tax Year 2024-2025,”](#) City and County of Honolulu, July 2024.

The department would not have to review each of these properties every year, but it seems reasonable to ask whether it has or could ever have the staff to sort through this magnitude of annual declarations.

There is no mention in the bill of how many new full-time employees the city might have to hire or how much the city might have to spend to implement and enforce this proposed tax.

And consider how this might affect homeowners who for some reason make a so-called “false claim.” The bill proposes a civil penalty of “not less than \$250 and not more than \$10,000 for each day that the violation continues, upon reasonable notice.”

Bill 46 would provide a grace period for owners who forget to file, but only for the first year of the empty homes tax; all forgetful owners in future years would have to file appeals that could be costly and time-consuming.

In addition, the bill says that anyone who fails to timely pay the empty homes tax would be subject to nonpayment penalties of 1% of the empty homes tax due, payable within the first year of nonpayment; 2% within the second year of nonpayment; and 3% of all accrued empty homes taxes for the third year.

After three years of nonpayment, the city would be allowed to seize the property in question and sell it to raise the money needed to pay the delinquent tax amount.

As for the goal of providing more housing, Grassroot pointed out in its May 2023 policy brief, “[The ‘empty homes’ theory of Hawaii’s housing crisis](#),” that there have been only two robust econometric studies of the effectiveness of empty homes taxes in serving this goal, and they reached contradictory conclusions.⁴

Grassroot’s study did acknowledge such a tax could be useful for generating tax revenue, but it would be almost impossible to quantify how much.

Do we really want to create a headache for the city administration and city property owners in hopes of raising an unknown sum of money — especially when there are easier ways to go about raising revenue?

Moreover, there are effective ways to produce affordable housing. Grassroot discussed some of those ways in its December 2023 report “[How to facilitate more homebuilding in Hawaii](#),” which essentially recommends removing or updating the many state and county regulations that hinder homebuilding.

We encourage the Council to adopt those recommendations before turning to implementing an untested, administratively complicated tax.

Please consider, too, that an implicit empty homes tax already exists as a function of the housing market.

⁴ Jensen Ahokovi and Mark Coleman, “[The ‘empty homes’ theory of Hawaii’s housing crisis](#),” p. 11.

The fact is that anyone who chooses to leave their home empty for more than six months out of the year is already forgoing more than \$12,000 in rental income, based on average rents.⁵

This suggests that anyone who leaves their home empty has good reason to do so, and that an empty homes tax surcharge might not motivate them to act otherwise.

All things considered, the Grassroot Institute of Hawaii urges you to reject Bill 46 and instead focus on alternatives that have good track records for meeting the goal of producing more housing.

Thank you for the opportunity to testify.

Ted Kefalas
Director of Strategic Campaigns
Grassroot Institute of Hawaii

⁵ [“What is the average rent in Honolulu, HI?”](#) Apartments.com, accessed Oct. 7, 2024.

Keep It Kailua

Preserving Kailua's Character

October 7, 2024

To: Honolulu City Council
Chair Tommy Waters, Vice Chair Esther Kia'aina, Radiant Cordero, Tyler Dos Santos-Tam, Val A. Okimoto, Calvin K.Y. Say, Augie Tulba. Andria Tupola and Matt Weyer

Comments Bill 46 CD1 (2024)

We have significant concerns with Bill 46 CD1 (2024)

We had strongly supported Bill 46 and its intent to create more housing opportunities for residents, but we now have significant concerns about the current CD1. We believe an amendment that allows 30-day rentals to be included in the number of days that qualifies for a rental to be exempt from the empty house tax rate will motivate thousands of empty house property owners to morph into vacation rental operators who create 30-day lease rentals regardless of how long the guests actually occupy the property.

We recommend that the City Council return the original language that required rental periods to be no less than 90 days:

(2) The dwelling unit is the principal residence of a renter or other permitted occupant of the property for at least six months in the tax year. Two rental or occupancy periods may be aggregated for the calculation of the six-month period; provided that any rental or occupancy of the dwelling unit for a term that is less than three months cannot be counted toward the six month period;

Thank you for your consideration

Keep it Kailua

Keep It Kailua is a grassroots community group founded in 2004 whose purpose is to retain Kailua's family-oriented residential character and quality of life.

Keep It Kailua's goals are to:

- *Protect residential zoning and promote permanent residency in our neighborhoods*
- *Preserve and enhance scenic, civic, recreational and cultural features that define Kailua's sense of place*
- *Protect water resources essential to the health of the environment*
- *Preserve trees and maintain open green space*
- *Promote walking and the use of non-motorized bicycles as alternatives to automobile transportation within and around the town*
- *Promote businesses that serve the residential community*
- *Support other community groups with similar goals*

Please visit us at www.keepitkailua.com

Or like us on <https://www.facebook.com/keepitkailua/>



LAND USE RESEARCH
FOUNDATION OF HAWAII

1100 Alakea Street, Suite 408
Honolulu, Hawaii 96813
(808) 521-4717
www.lurf.org

October 7, 2024

Honorable Tommy Waters, Chair
and Members of the Honolulu City Council
City and County of Honolulu
530 South King Street, Room 202
Honolulu, Hawaii 96813

Comments in Strong Opposition to Bill 46, CD1 (2024) Relating to Real Property Taxation. (Addressing the taxation of vacant residential properties in the City and County of Honolulu.) (Item CR-304 on the Council’s Agenda).

Regular Meeting - Wednesday, October 9, 2024, 10:00 a.m.;
Kapolei Hale, Conference Rooms A, B and C

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. One of LURF’s missions is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii’s significant natural and cultural resources and public health and safety.

Background. The stated purpose of this proposed measure “is to address the taxation of vacant residential properties in the City and County of Honolulu (“City”).” The Bill proposes to create and impose an “empty homes tax” (“EHT”) - a supplemental real property tax purportedly intended to help address the City’s dual crises of homelessness and a lack of affordable housing that arise from inadequate housing supply and inadequate funding available to address these problems.

Proponents of the EHT assert that the tax would be justified to help 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 home 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. However, no facts, information, or evidence has been supplied or presented by proponents to justify the imposition of such tax upon owners of unoccupied homes, or to warrant the absence of any damaging or negative consequences which may result to such owners, the community, or the local economy therefrom.

LURF's Position. LURF has been a long-time advocate of, and engaged participant in efforts to address the City's and State's housing and homelessness needs, and is in complete support of measures intended to protect the health, safety, and general welfare of the community. LURF believes, however, that Bill 46, for all stated intents and purposes, would amount to a **penalty against a particular group of property owners**, and would therefore constitute an **illegal tax**, which would in effect operate as an **unjustified moratorium against unoccupied private residences** that would deprive property owners of their constitutionally protected right to use their private property. LURF must therefore strongly caution this Council against any such efforts made through the disregard and circumvention of proper requirements and procedures applicable to the enactment of laws and ordinances, particularly in a case like this where the deprivation of constitutional and vested rights of private property owners may be at stake.

As the subject Bill proposes to create a **punitive**, and therefore potentially illegal special supplemental tax to be imposed upon a select group of private residential property owners, LURF has serious concerns with the measure, and respectfully requests this Council's consideration of the following issues:

A. Procedural Concerns

1. The Proposed EHT is Punitive in Nature and Therefore an Inappropriate Mechanism to Address the Purported Funding Concerns.

LURF does not believe it is appropriate or prudent for the Council to unjustifiably develop expansions of real property taxes, let alone a **punitive** supplemental tax, as a means to source tax revenues to be applied to special funds or to general budgetary needs, especially unspecified or potentially temporary needs of City departments or causes.

The **punitive nature of the EHT as a supplemental real property tax is of utmost concern**, particularly given that the tax is to be imposed upon a specific, limited type of real property owned by property owners, who legally possess constitutional protection (under the federal and state constitutions and City Charter) to freely use the properties sought to be taxed. Further, the taxes collected from the targeted group are intended for use in a designated special fund and for broad City revenue-generating purposes, which are not directly linked to that group.¹

¹ Question therefore exists as to whether the City's "Affordable Housing Fund" into which a portion of EHT revenues is deemed to be placed, may be properly or legally funded by a source **which has no direct or clear link to the Fund's programs.**

With respect to special funds created pursuant to the Hawaii State Statute, HRS Sections 37-52.3 and 37-52.4 provide the criteria for the establishment and continuance of state special and revolving funds which were enacted by the 2002 Legislature through Act 178, SLH 2002, Sections 37-52.3 and 37-52.4, HRS. To be approved for continuance, a state special fund **must:**

- a. serve the purpose for which it was originally established;
- b. reflect a **clear nexus** between the benefits sought and charges made upon the users or beneficiaries of the program *or a clear link between the program and the sources of revenue*, as opposed to serving primarily as a means to provide the program or users with an automatic means of support that is removed from the normal budget and appropriation process;

Furthermore, in addition to constituting a penalty, the EHT could also reasonably be deemed to amount to improper **double- or multiple-taxation** by the City of the same property since the tax is to be imposed as **a supplemental tax, rather than as an alternative to, or in lieu of the regular property tax** assessed upon all real property located within the City.

In addition to the EHT's punitive nature, there is concern that such a vehicle for funding, once established, would be boundless as there would be no limits on the tax, as it may be used perpetually as a potential source of funding by current and future City legislators who would be granted the unlimited power to implement the tax whenever and to the extent they deem necessary; to change the tax rate; or to even further expand the application and use of the tax to other City causes at the risk of damaging the sanctity of the City Charter and other State and Federal laws.

A practical question also exists as to whether such a tax mechanism is feasible given that "shifting the source of revenue" often seems to miss the point and simply results in a reduction in the amount of funding originally allocated for the cause in the general fund.

2. Uniformity and Equality in Taxation is Required by the Equal Protection Clause of the Fourteenth Amendment to the United States Constitution (the "Equal Protection Clause").

While Article VII, Section 3 of the Hawaii Constitution recognizes that all functions, powers, and duties relating to the taxation of **real property** shall be exercised exclusively by the counties, as applied to **all** government-imposed taxes, the Equal Protection Clause requires a minimum standard of uniformity to be maintained within classes and therefore protects the interests of taxpayers apart from any constitutional uniformity limitation imposed by any taxing authority levying a tax. And while the Equal Protection Clause does not require identical treatment, it does require that:

- a. the classification rest on real and not feigned differences;
- b. the distinction has relevance to the purpose for which the classification is made; and
- c. the different treatment be not so disparate, as to be wholly arbitrary.

This standard determines the legitimacy of any governmental taxing authority's legislative tax classifications and tax legislation, and when applying said standard to the present Bill, the proposed EHT which targets certain owners of residential property who simply elect to exercise their rights to do what they are legally and rightfully entitled to do with their property (e.g., allow their homes to remain unoccupied for whatever reasons), fails (or at least has not been proven by proponents) to meet the above requirements in all respects, and if legally challenged, would therefore likely be deemed by courts to violate the Equal Protection Clause.

-
- c. provide an appropriate means of financing for the program or activity; and
 - d. demonstrate the capacity to be financially self-sustaining.

LURF questions whether such a "nexus" or "clear link" would in fact exist between the Affordable Housing Fund and EHT taxpayers/tax revenues. The State Auditor has in the past concluded that an arrangement where there is no *clear link* with the funding source should be repealed.

It should also be noted that uniformity and equality in taxation is considered by courts to be **even more critical with respect to taxes dealing with property** (as opposed to other types of non-property taxes) under the general principle that any enactment affecting **private property rights** must bear a substantial relation to the public health, safety, or general welfare.²

3. Imposition of the EHT Would Essentially Amount to a Moratorium on Unoccupied Residential Property and Therefore an Inappropriate and Arguably Illegal Mechanism for Addressing the Alleged Objectives of This Bill.

General Police Power Moratoria vs. Property/Land Use Moratoria

The enactment of temporary restrictions or moratoria on certain activity via taxation or otherwise, including restricting use of private property, has been held by courts throughout the country to be a valid exercise of local police power **only where the restrictions are reasonable and related to public health, safety, or general welfare.**

General Police Power Moratoria

Proponents of this Bill presumably believe that this measure may be suitable for passage under its **general police and home rule powers** (the authority for which is the City's general "police power" pursuant to City laws or ordinances), which are introduced to address situations wherein **immediate health and safety problems** are at issue.³

In such case however, to justify a municipality's attempt to impose a **police power moratorium to temporarily interfere with the beneficial use of private property**, courts have held that the municipality must establish that:

1. It is acting in response to a **dire necessity**;
2. Its action is reasonably calculated to **alleviate or prevent a crisis condition**; and
3. It is **presently taking steps to rectify the problem.**

As far as LURF is presently aware, proponents of this bill **have not produced sufficient (if any) evidence** to meet the **emergency/crisis elements** of the above three-prong test which is required to justify the passage of such a moratorium as a legitimate general police power moratorium **based on dire threats to health and safety.**

LURF believes there is in fact **no urgency or immediate need for a police power moratorium** in this case.

² This is because in the event a regulation operates to deprive the owner of beneficial economic use of the property (i.e., a "taking"), there exists an additional issue as to whether that owner may be entitled to monetary compensation under the Fifth and Fourteenth Amendments to the U.S. Constitution.

³ The purported purpose of this bill (without any detail or specification) is to help ease the problems of homelessness and a lack of affordable housing.

Moratoria on Use of Private Property

With respect to **property use moratoria**, this Council should be aware that courts have held that interference with the use of private property must be more judiciously scrutinized through hearing procedures as prescribed by law, and must contain the following key elements to be considered legally defensible:

1. a **reasonable time frame** as measured by the action to be accomplished during the term;
2. a **valid public purpose** justifying the moratorium;
3. address a situation where the **burden imposed by the moratorium is being shared substantially by the public at large**;
4. **strict adherence to the procedure for passage/adoption**; and
5. a **time certain when the moratorium will expire**.

No defensible valid public purpose justifying a moratorium (especially on a particular group of landowners) exists in this case as the measure is presently based solely on **speculation and conjecture** that the unauthorized imposition of the EHT upon legally owned private property will result in 1) existing owners renting or selling their properties to increase housing stock for homes for local residents; 2) increasing the City's supply of home to meet demand and reduce market pressures that cause high and unaffordable housing prices; or 3) raising funds for affordable housing and homelessness solutions. **No facts or evidence has yet been presented to support such underlying assumptions.** LURF must question the legitimacy and seriousness of the stated purposes of the proposed measure since there is no indication or confirmation that the imposition of the EHT will actually work to resolve, or even ease existing homelessness and affordable housing issues as is being alleged.

Imposition of the EHT and resultant moratorium upon a particular type of real property or group of residential homeowners would therefore be contrary to any public purpose and would amount to deprivation of the property and constitutional rights of the landowners, as well as create negative impacts on the community.

A significant issue is the requirement that **the burden imposed by any moratorium be shared by the public at large, as opposed to being placed upon a minority of property owners**, as it would in this case. LURF believes that when the cost of a benefit is placed entirely upon particular landowners rather than spread throughout the jurisdiction, serious consideration must be given to review and discretion of the moratorium to avoid unconstitutional confiscation of private property.

And, in the present case, a reasonable time frame within which the specified action is to be accomplished, as well as a definite term or expiration date of the proposed moratorium has not even been established. No set term for the moratorium has been provided for in the Bill, and any stipulated time period would certainly appear random and unreasonable, especially since required facts, information, and reports have not yet even been made available.

In view of these concerns, LURF believes the procedural validity of the subject tax and the resulting moratorium would be questionable at best. The measure is simply

unreasonable, unwarranted, and unnecessary; would set bad precedent; and would be subject to legal challenge.

4. This Bill Should be Thoroughly Vetted by the City’s Attorneys and All Affected Stakeholders to Ensure the Legality and Practical Viability of the Proposed Tax as Well as to Confirm the Absence of any Unintended Negative Consequences.

Due to the number of legal concerns and unanswered questions relating to the EHT, LURF respectfully submits that as a matter of procedure, this proposed measure be more closely reviewed and scrutinized by the City’s legal counsel in consultation with appropriate City departments/agencies, as well as economic, real estate, housing and tax experts, and other affected stakeholders. Such comprehensive review should properly be pursued prior to the consideration of the measure by the Council, particularly since the proposed tax may cause significant unintended negative legal and economic consequences, as well as arguably violate Constitutional mandates.

The imposition of tax by any taxing authority is one of the most serious government undertakings, since such actions are **binding for the long-term and should be first confirmed** to be effective in achieving its policy objectives, and should be verified through collaboration with attorneys and all stakeholders to be legally enforceable to avoid any unintended, yet significant negative consequences as a result of the tax.

B. Substantive Concerns

1. Constitutional Concerns – The “Takings” Issue.

The law and the courts have established strict rules, both as to the procedural (as discussed above) and the substantive requisites of taxation. The substantive rules are based upon and embody the general principle **that any enactment affecting private property rights must bear a substantial relation to the public health, safety, or general welfare.**

In the event a regulation of property operates to deprive the owner of beneficial economic use of the property, there exists an issue as to whether that owner may be entitled to monetary compensation under the Fifth and Fourteenth Amendments to the U.S. Constitution. And most significantly, as applied to the type of tax proposed, U.S. courts have even considered **temporary** land/property controls to amount to a deprivation of use in the property (i.e., a **“taking”**), potentially entitling the property owner to compensation.⁴

Most importantly, what is at stake here is the constitutional and vested rights of private property owners, large and small, which should not be improperly manipulated unless the City can prove a proportionality between the perceived benefits of the proposed EHT

⁴ See, e.g., *Agins v. Tiburon*, 24 Cal.3d 266 (Sup. Ct. of Calif., 1979), *aff’d* on oth. grds., 447 U.S. 255 (1980).

and the uncompensated taking of private property.⁵ In the absence of such proof, the City may be subject to legal challenge and liability for **“just compensation.”** Such litigation is foreseeable and could likely cost the City substantial sums to defend.

2. Sufficient Justification Has Not Been Sought and Presented to Support the Imposition of the EHT Upon Certain Properties for the Purpose of Addressing the City’s Affordable Housing and Homelessness Concerns.

While LURF is well aware of the City’s and State’s high housing costs, and that funding for programs that address homelessness and affordable housing are limited, LURF is nevertheless unable to support the proposed EHT as a mechanism to address these issues.

LURF strongly believes that the purported need to impose the EHT upon a select group of taxpayers for the purposes of easing the City’s homelessness and lack of affordable housing issues must first be substantiated by compelling facts and evidence, which should include expert opinions, studies and audits to clearly prove the legal validity of such a constitutionally offensive measure. LURF understands that inquiries may have already been made for a study, and that other reports may have been issued and/or data collected in connection with the possible implementation of an “empty homes tax” by the City, however, results of such a study has not yet been released, and any analyses reached in the other reports have reportedly reached contradictory conclusions, and have not generated useful information required to properly assess the EHT. If such studies or reports have in fact been conducted and concluded, request is hereby made that said results be shared with the public to assist with the evaluation of this current measure.

There presently exists a number of pertinent facts and issues, including, but not limited to the following, that as far as LURF is aware, still have not been produced by proponents of this Bill to justify the imposition of the EHT solely upon unoccupied residential property (rather than all properties and taxpayers) to address the broad issues of affordable housing and homelessness which are faced by, and affect everyone in the City:

- The number and type of unoccupied properties/property owners which will be impacted by the EHT.
- The amount of tax revenue (as reasonably possible to determine) that the City will in fact receive as a result of the imposition of the EHT.
- The sufficiency of the tax revenue collected through the EHT to adequately address the homelessness and affordable concerns sought to be resolved.
- The effectiveness of the EHT to actually increase the availability of affordable housing (or whether such tax initiative will simply increase the availability of unaffordable housing).
- Specific information relating to the homelessness and affordable housing programs to which the EHT revenue will be applied.
- The tax and economic impacts of the EHT on residents, businesses, housing, the real estate industry, and the overall economy of the City – as well as the State of Hawaii.

⁵ Included are the constitutionally protected private property rights, as well as the vested rights of property owners and others who have legally acquired their properties and complied with necessary statutory and regulatory requirements relating thereto.

- Alternatives to replace any lost revenue, real property sales, and investment income suffered by the City and State as a result of the EHT.

Moreover, despite the potential deprivation of property rights and dire unintended negative consequences which may result from the imposition of the EHT, as far as LURF has been able to ascertain, housing and commercial developers and experts in the local real estate industry do not support Bill 46 in its present form. Also unknown is whether proponents of this measure have consulted with or addressed any concerns of tax and economic experts relating to the EHT and what legal and negative economic effects and consequences may result therefrom.

Ideally, a proper and complete study using qualified experts should be completed to obtain accurate information, facts and evidence necessary to support the EHT, and to determine if the perceived revenue and benefits therefrom will outweigh the burden cast upon, and deprivation of rights of private property owners, as well as any detriment to the local economy.

The Hawaii State Constitution and City Charter no doubt provide for the establishment and control of a taxation system **without discrimination**. It is therefore ironic and contrary to the spirit and intent of those mandates that efforts are now being made to discriminate against a limited class of property and property owners by imposing the proposed EHT upon a particular group. There is, in fact, no relevant or rational basis for arbitrarily taxing a select group of residential property owners to fund those identified needs which is intended to benefit **all** residents of this City. As such, it would be more equitable and transparent for the City Council to engage all stakeholders in a discussion regarding an increase in taxes across the board to address the need to provide additional financial resources for the objectives specified.

3. This Bill Fails to Clearly Articulate the Details of the Proposed Supplemental Tax and the Manner in Which it Will be Implemented.

As discussed above, sufficient details of Bill 46 as presently drafted which relate to the tax proposed to be imposed have not been articulated so that the legal and practical validity of the proposal also cannot be properly assessed. For example, if the Bill is passed to allow imposition of the supplemental tax against a particular group of property owners, an unreasonable tax rate could subsequently be set or increased in the future, and there would be no restriction against City lawmakers passing implementing legislation to set unreasonable terms upon which the tax would apply, or to identify certain other property or ownership types which would be subject to the tax.

Furthermore, if a revenue-generating tax is what is actually intended by the proponents of this Bill, then that should be made clear in the language of the Bill, and the true purpose of this measure, as well as the terms and provisions relating to all aspects of the envisioned use of the EHT, including administration, imposition, compliance, and enforcement, should be fully vetted by the public. If any tax revenue should in fact be realized as a result this proposed measure, why does the Bill state that a substantial portion be deposited into the City's "general fund?" Given the stated purpose of the Bill, why wouldn't one hundred percent (100%) of the EHT revenues be deposited into the Affordable Housing Fund and/or used for homelessness in accordance with the measure's purpose as clearly articulated in the language of the Bill?

Without explicit constraints on the power afforded to the Council by such an open-ended measure, the possible negative consequences of the Bill are unknown and virtually limitless.

4. Proper, Efficient, and Effective Implementation of the EHT Will Require Overly Burdensome Compliance by Property Owners, and Extensive and Costly Administration and Enforcement Efforts by City Departments with Expertise to Conduct Proper Investigations and Enforcement, and to Render Fair and Subjective Determinations.

Compliance by property owners with the provisions of the EHT may be confusing and potentially problematic given the definitions of terms and qualifying requirements for exemptions such as required proof including documentation in certain circumstances.

From the City's perspective, proper determination of the applicability of the EHT and exemptions to unoccupied property will entail extensive administrative and enforcement efforts by City personnel. The bill itself is fraught with terms, requirements and exemptions relating to the imposition of, and compliance with the proposed supplemental tax, which would assumedly be administered by City employees. LURF questions the ability of the current City workforce to do so, as well as the costs which may need to be incurred, especially given the current expertise of City staff, to administer, interpret, and enforce the requirements prescribed by the Bill, as well as to investigate cases or violations; collect the taxes; impose penalties for violations; or institute proceedings for foreclosure if required, particularly in complex situations.

And despite the inclusion of certain definitions of terms to be construed in the Bill and additional factors that have been delineated in the measure, as a practical matter, in order that Bill 46 be properly and effectively implemented, additional determinations as identified in, or have yet to be identified as a result of the measure must still be made pursuant to additional rules still to be adopted and administered by the City. These determinations may involve assessments of subjective issues which entail significant time, expense, knowledge, and expertise of individuals in specialized subject matter areas (both real property and taxation) who may not presently exist or who may not currently be qualified to conduct such specific reviews. There is also valid concern relating to possible violations of privacy rights of property owners as a result of inspections anticipated to be conducted as part of EHT enforcement measures, and the specialized training which will be required for personnel to perform such inspections.

There is presently no indication that these matters and especially their associated costs have been investigated, calculated, articulated, or even estimated, or that said costs will actually come anywhere close within five percent (5%) allocation of the EHT revenues to be collected from the tax as stated in the Bill. Said five percent (5%) allocation would seem especially speculative since there appears to be no reliable estimate of the total amount of revenues expected to be collected through the EHT.

5. The Proposed EHT Would Likely Cause a Number of Unintended Negative Consequences.

a. The Measure May Create Disincentive for Investment in Real Property and Have Other Negative Economic Impacts on the City and State of Hawaii. At a time when the State and City continue to suffer from the effects of the Covid pandemic and the Maui wildfires, and is still attempting to encourage business expansion in, and attract

business to Honolulu and the entire State of Hawaii, this Bill would create a disincentive for real property investment, which in turn will no doubt have a negative impact on construction and development. Increased construction costs will be passed on to home buyers and will thus increase the price of homes and worsen the affordable housing problem in the State.

b. Impact on Properties Located in Resort Communities and Condominium Developments. The EHT, which proposes to impose a three percent (3%) tax on unoccupied properties might substantially increase holding costs for part-time residents and investors of properties located in resort communities and condominium developments. Such an increase would undoubtedly discourage investment in secondary homes, thus reducing demand for new purchases and affecting resale values throughout these communities.

Of critical concern are increased administrative burdens for property owners, including the annual requirements for property status declaration required by the Bill, along with potential audits and inspections, which create a significant compliance burden. These obligations, combined with recent **dramatic increases in insurance rates ranging from fifty percent (50%) to seven hundred percent (700%) – and the ongoing requirements for Hawaii’s fire conversion compliance**, exacerbate the complexity and costs of maintaining properties. These combined obligations would certainly deter many owners from keeping or investing in homes in these communities and developments, ultimately reducing the pool of potential buyers and negatively impacting property values and the attractiveness of such properties as desirable investments and places to live.

c. Reduced High-End Market Appeal. High net-worth buyers who often purchase luxury units for use as vacation and occasional residences may likely be deterred by the EHT’s penalties imposed on unoccupied properties. Premium units in resort communities and condominium developments may lose attractiveness as investment properties, which may reduce overall demand in those markets and impact future development.

Increased taxes upon investment real property and the negative consequences thereof would in turn be passed down by property and business owners to **all local residents and consumers** as increased costs, thereby raising the overall cost of living in this City. In short, this Council should be aware that this proposed measure which is perhaps assumed to target and impact owners of higher priced properties or non-residents may in fact impact many industries and harm broad segments of Hawaii’s economy.

d. Impact on local working-class families. Proponents of this Bill may presume that the EHT will not detrimentally affect Hawaii’s average residential property owners, however, the proposed tax may apply to more properties and property owners than realized, impacting rental prices, and further increasing housing costs in Hawaii. The real estate “investors” impacted by this bill will not be limited to wealthy foreign investors, but will also include local, middle-class, hard-working residents who invest in real estate as part of their effort to continue living in Honolulu, or who may be relying on investment property to fund their retirement. These taxpaying residents also include hard-working parents who purchase property to house their children, or to pay otherwise unaffordable college tuitions, as well as kama`aina who wish to retain inherited property which has been passed down by their family members for generations.

The imposition of the additional EHT tax may also result in the inability of homeowners to develop their properties or expand their homes to accommodate multigenerational living planned for when they grow older and may cause hardships for residents who are relying on such intended future arrangements.

6. Additional Exemptions and/or Variances Should be Considered by Drafters of the Measure to Avoid Unintended Hardships.

While exceptions to the EHT have been included in the Bill, LURF believes further review of best practices and consultation with all affected stakeholders is required to determine whether additional exemptions to, or variances from the proposed tax may be warranted, and should be established and included to ensure that the imposition of the EHT will not result in severe hardship.

Without the inclusion of all necessary exemption provisions, this type of overly stringent and unreasonable regulation which potentially violates property owners' constitutional and vested rights, may amount to unlawful confiscation of their property without legal justification.

7. Use of Other Rules, Regulations, Existing Laws, and Legally Supportable Processes and Means Should be Explored to Address the Concerns that are Sought to be Addressed by this Measure.

Rather than pursuing punitive, arguably illegal, and questionably feasible tax mechanisms which will create extensive administrative issues and require huge implementation costs to effectuate, LURF respectfully suggests that this Council work with all affected stakeholders to identify and explore other alternatives such as updating, improving, and supplementing existing laws, rules, and regulations relating to building, land use and development; creating tax incentives for long-term rentals; introducing and implementing policies that will help local residents acquire homes; and encouraging and establishing public/private partnerships to work collaboratively to address the homelessness and affordable housing concerns identified by this Bill. LURF remains committed to assist in such an effort to address Honolulu's housing and homeless issues.

Conclusion

LURF respectfully cautions that any government proposal or action which may potentially divest members of the public of their rights and private property, must be made with great caution, particularly where the underlying bases used to justify such proposals are unsupported by hard facts and clear evidence, and when current and future consequences to private property owners and the general public have not been taken into consideration and could be economically destructive.

What is so concerning this measure, especially through the mechanism of an inappropriate and potentially illegal tax, is the questionable precedent being laid, demonstrating the ease with which the government may so easily elect to utilize its power and influence to overregulate and improperly tax private property without sufficient purpose or justification, and to inequitably cast upon a select group, the responsibility to fund issues like homelessness and affordable housing which should rightfully be shouldered equally **by all taxpayers**. The resulting real and greater danger is that such government overreaching may then be potentially interpreted and exploited by self-interest groups as precedent and

support for further advancing improper efforts to regulate use of and impose taxes upon private property in their own favor.

Based on the procedural and substantive concerns articulated above, LURF believes it would not be reasonable, nor responsible for this Council to support this measure as drafted without thorough review and analysis of additional facts and information relating to the legality and propriety of the proposed tax for the purposes alleged in this bill; legitimacy of the need for such a tax; clearer articulation of the proposed EHT and implementation thereof; and further consideration of the potential unintended consequences of such a measure, and must therefore respectfully request that **this Bill be deferred.**

Thank you for your consideration and the opportunity to present LURF's position regarding this matter.

Honolulu City Council

Bill 46, Relating to Real Property Taxation

RE: Strong support of Empty Houses Tax

October 9, 2024

The Council for Native Hawaiian Advancement (CNHA) writes in **strong support** of Bill 46. For too long, cost of living and high housing prices have pushed local residents out of their generational homes, with over half of all Native Hawaiians no longer living in Hawai'i. Multiple concurrent solutions are necessary to curb the housing crisis and this bill is a critical part of keeping Hawai'i, Hawai'i.

CNHA is a non-profit organization with a mission to enhance the cultural, economic, political, and community development of Native Hawaiians. As a member-based organization, we represent over hundreds of businesses, organizations, and residents across Hawai'i dedicated to the well-being of Native Hawaiians and the thriving of all of Hawai'i's communities. We have centered on meeting the needs of all people in Hawai'i through economic stability, housing opportunities, protecting our natural environment, and thriving families. Every day, we see how these challenges are having a devastating impact on the Indigenous communities of Hawai'i.

Housing is a foundational stone to many of the challenges that our families are facing. The 2019 housing gap study identified over 22,000 units needed on O'ahu for housing local families. The study also described a projected decrease in demand caused by out-migration. Put simply, local people are leaving Hawai'i largely because the cost of living is too high and housing is unachievable. Despite the demand, over 34,000 units sit vacant according to the U.S. Census.

This is the third attempt by the Council to address vacant units in the past five years. We know that O'ahu residents want to see action taken to bring these units into housing for local families, and while the policy has always been sound, prior efforts have struggled with implementation. I applaud Chair Waters and Budget Chair Cordero not only for introducing this measure but also for the work done to find a pathway that the Administration can support implementation. I hope that, as this bill progresses, we can find a way to ensure the revenue generated goes towards developing affordable housing and the necessary infrastructure.

This bill cannot be expected to solve the housing crisis, but it is indispensable as one of many solutions to increase affordable and diverse housing options and prevent further homelessness and displacement. We humbly ask that you **PASS BILL**

E mālama,

Madelyn McKeague
Director of Advocacy

OPPOSED

The proposed bill will not significantly improve Oahu's housing shortage or the homeless problem. It is a significant overreach by government which invades the privacy of homeowners and will have unintended negative consequences to ALL Oahu homeowners.

1. Our family has had a home in Kaneohe for 11+ years.
2. It was not purchased as an investment property – we moved to Hawaii in retirement intending to stay permanently.
3. We were forced to move to NJ to tend to the failing health of a parent.
4. Life continued to “get in the way” with numerous deaths and health issues.

As a result, we are now only able to spend about four months per year on Oahu.

Throughout this time, have continued to pay local businesses for upkeep and maintenance including lawn, pool, and A/C and made costly solar upgrades.

If this bill were to pass, these expenses and all taxes paid for the past 10 years will have been a costly waste of money.

Our house is classified as Residential A.

1. We are not entitled to any exemptions afforded to permanent residents.
2. Our tax rate of 0.7922 is more than double the 0.35 rate levied on permanent residents.
3. Our annual property tax is \$16,858.06 which is already a significant penalty for not residing in Hawaii permanently.
4. With the proposed incremental 3% “Unoccupied” tax after three years, we would be expected to pay an additional \$63,871 for a total annual tax assessment of \$80,729.06.
5. This is an **outrageous** amount and well beyond what we can afford.

We have three options:

1. Stay Hawaii for more than six months and become Hawaii residents.
 - a. We would avoid the empty home tax and, after the exemption for ages 65+, we would reduce our current property taxes by \$9,970.
 - b. Oahu will have a net loss with this option and won't have accomplished any of the bill's desired goals from us.

- c. It also seriously limits my ability to earn income from consulting or other if the work requires me to travel for over six months.
2. Sell the property
 - a. With the appraised value of the house, with a 30-year mortgage and a 20% down payment of \$425,000, the purchaser of our home would need an income more than \$540,000.
 - b. This is not the target group so it achieves nothing other than us losing our house.
3. Rent the home
 - a. We are NOT interested in becoming landlords of our furnished home
 - b. There are too many risks for damage
 - c. The rental rate would far exceed the target group of the law
 - d. We cannot and should not be expected to monitor the comings and goings of a renter to assure they are in the house for more than six months when jobs, travel, education, religious missions, personal relationships outside of the home, etc could all impact the number of days they stay in the house.
 - e. If their away days exceed six months, we could be in violation of the law for actions beyond our control.

These issues impact **all** homeowners and residents on Oahu – both permanent and non-permanent alike.

1. It is not the business of any government body in the USA to be restricting or monitoring the whereabouts of citizens and residents living law-abiding lives.
2. All people should be free to seek opportunities on and off-island without fearing significant financial penalties from the government for not being at a specific location for more than 6 months per year – it amounts to economic prison by the government.
3. There are serious concerns about living in a caustic environment where government workers, or potentially neighbors seeking whistleblower fees, are spying and reporting on other citizen's whereabouts.

This bill needs to be killed and new approaches explored to solving the housing and homeless issues.

Jeffrey Laurent



October 9, 2024

Councilmember Tommy Waters, Chair
Councilmember Esther Kia'aina, Vice Chair
Honolulu City Council

RE: **Bill 46 - Relating to Real Property Taxation**
Hearing date: Wednesday, October 9, 2024 at 2:30PM

Aloha Chair Waters, and members of the Council,

Mahalo for the opportunity to submit testimony on behalf of NAIOP Hawaii with **COMMENTS on BILL 46 CD1 RELATING TO PROPERTY TAXATION**. NAIOP Hawaii is the local chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

Bill 46 creates an "empty homes tax" to address the taxation of vacant residential properties in Honolulu. The intention of the measure is to provide funding to address homelessness and a lack of affordable housing. To be clear NAIOP Hawaii supports the production of affordable housing in Honolulu, however, there may be several unintended consequences emphasizing the need for a more comprehensive and balanced approach.

Primarily, Bill 46 raises constitutional concerns through implementing a tax that infringes on private property rights and could potentially be interpreted as government mandating how a property is utilized. The bill's approach to taxing vacant homes could face legal challenges, particularly around issues of property rights and the fairness of imposing such a tax in a high-cost market. This could result in costly litigation for the city and delay the intended benefits of the measure.

Furthermore, the imposition of an "empty homes tax" on properties that are not occupied for a minimum number of days each year could unfairly penalize property owners who may have valid reasons for their properties being vacant, such as those dealing with long-term medical care, legal disputes, or those undergoing significant renovations. While the bill includes several exemptions (e.g., for properties under legal dispute or undergoing major renovations), these exemptions may not cover all valid scenarios where a property could be vacant, leading to unintended consequences for certain property owners.

NAIOP Hawaii is concerned as Bill 46 may not address the affordable housing crisis as intended. The assumption that taxing vacant properties will directly lead to an increase in affordable housing stock is speculative. Many property owners might prefer to sell or leave

Councilmember Tommy Waters, Chair
Councilmember Esther Kia'aina, Vice Chair
Honolulu City Council
October 9, 2024
Page 2

properties vacant rather than comply with onerous tax requirements, which could lead to further stagnation in the housing market. Although the bill proposes to use tax revenues to support affordable housing and homelessness initiatives, the effectiveness of this allocation is uncertain. The fixed percentages may not align with the actual needs or costs of these programs, leading to potential inefficiencies in addressing the housing crisis.

Moreover, Bill 46 CD1 may deter further property investment and negatively impact the rental market. The high tax rate (up to 3% of the assessed value) may deter investment in residential properties, particularly in a city like Honolulu where property values are already among the highest in the nation. This could lead to decreased investment in the housing market, potentially exacerbating the housing crisis rather than alleviating it. Also, the proposed tax might pressure property owners to increase rental prices to cover the additional tax burden, which could worsen the affordability of rental housing in an already expensive market.

Lastly, Bill 46 CD1 requires property owners to submit annual property status declarations and could subject them to audits and investigations, adding a significant administrative burden. The requirement for evidence and inspections adds layers of complexity and could lead to disputes between property owners and the city. The additional burden on administrative staff could result in an inability to implement and properly enforce the proposed tax.

Accordingly, NAIOP remains concerned with the potential negative impacts Bill 46 and recommends the measure be held to reach a more comprehensive and balanced approach.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'Reyn Tanaka', with a stylized flourish at the end.

Reyn Tanaka, President
NAIOP Hawaii

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Testimony by Suzanne Young, CEO
Honolulu Board of REALTORS®

Bill 46 (2024), CD1
Relating to Real Property Taxation

Honolulu City Council
Tommy Waters, Chair

Kapolei Hale
Wednesday, October 9, 2024
10:00 AM

Aloha Chair Waters, Vice Chair Kia'āina, and members of Honolulu City Council:

The Honolulu Board of REALTORS® (HBR) representing over 6,700 members is in opposition to Bill 46, (2024), CD1, which establishes a new supplemental tax of up to 3% on the tax-assessed value of vacant residential properties.

While HBR recognizes the need to explore alternatives to increase our critical housing supply, we believe a thorough understanding of the factors behind vacant properties, including those that are abandoned or problematic, is necessary to guide effective public policy solutions.

Of utmost concern is that Bill 46 imposes an undue burden on residential homeowners requiring them to annually declare and attest that their property is not vacant. This mandate exacerbates the existing challenges faced by uninformed homeowners, who already struggle with filing and appealing property tax exemptions. If a homeowner forgets to declare and attest, they face tax consequence of up to 3% on the tax-assessed value.

To illustrate, an owner of a condo that has a tax-assessed value of \$500,000 and has a homeowner exemption, would pay \$1,330 in property taxes. If the homeowner missed the annual filing for the newly added empty homes tax, Bill 46 would impose a punitive supplemental tax by adding another \$15,000. Missing deadlines to file exemptions already happens every year for homeowners and when they appeal, they are denied and have to wait for another year.

Instead of introducing a new tax under Bill 46, which requires annual exemptions to be filed, we should consider a simpler approach by modifying the existing Residential A property tax classification. Residential A classification already imposes higher property taxes for properties that don't have a homeowner's exemption.

Testimony by Suzanne Young, CEO
Honolulu Board of REALTORS®
Bill 46 (2024), CD1

Honolulu City Council
Wednesday, October 9, 2024 at 10:00 AM
Page 2

In line with this approach, we remain committed to supporting the formation of the Permitted Interaction Group, which can actively discuss these challenges and explore potential solutions. Additionally, we look forward to the results of the study that is being conducted so that we have accurate data to better assess the true number of vacant homes, the tax revenue that can realistically be provided, and the costs to administer and enforce this new tax. This information will be instrumental in developing effective strategies without creating administrative burdens on RPAD.

HBR remains committed to ongoing dialogue with all stakeholders and finding innovative solutions to meet our housing supply needs.

Thank you for allowing us to provide testimony on this important issue that impacts all our communities.

Honolulu City Council
From: Melany Melakea
Re: Bill 46, 2024 – **SUPPORT**

I strongly support Bill 46, the Empty Homes tax. I was born in Hawaii as was my son. He would have liked to stay in Hawaii, but even with family help, the prices of homes are way out of reach for him and others living and working here. I've seen other family members and friends flee to the mainland for the same reason. More and more, Hawaii is the land of investment instead of real neighborhoods and communities.

Housing insecurity adds hugely to all the other stresses we (of all ages) are enduring now. It is an insult to residents that there are so many houses that sit empty just to add to people's portfolios.

Bill 46 will create and make more housing available for those of us who actually need a place to live here.

We don't have to invent the wheel; it's been done before. Vancouver B.C. has been very successful using this same strategy. Let's not wait any longer to take action!

Sincerely,

Melany Melakea
Kaneohe, Hawaii



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai‘i Appleseed Center for Law and Economic Justice
Support for Bill 046(24) – Empty Homes Tax
Honolulu City Council
Wednesday, October 9th, 2024, at 10:00AM

Thank you for the opportunity to express our **STRONG SUPPORT for Bill 46(24)**, which would impose an Empty Homes Tax (EHT) of 3% on properties that are vacant (non owner-occupied and non-renter-occupied) for over six months each year.

Our city is grappling with a severe housing crisis characterized by a shortage of affordable units while monthly rent and median home prices continue to significantly increase. This has left over 80% of renters in Honolulu severely housing cost-burdened, struggling to meet basic needs.¹

Honolulu’s housing crisis is exacerbated by homes being used as investments rather than residences. Hawaii has a unique appeal as a tourist destination and luxury real estate market. Data shows that home prices in Hawaii have increased 400% since 2000.² Due to Oahu’s low property tax rates, investors can easily capitalize on the long-term appreciation of property values *without the need for rental income*. There are an estimated 34,253 vacant properties on Oahu alone.³

In addition, the average rate in June of 2024 for a vacation rental in Honolulu was **\$242** per night.⁴ This rate would equal \$7,260 in monthly rent, compared to the current market rental rate of \$1,800/month. It is more profitable for investors to use their home as a vacation rental instead of a long-term rental to house our residents.

Currently, investment-owners who choose to turn their properties into seasonal vacation rentals—or keep them vacant for most of the year—do not have to pay an extra tax, even though they are taking units off the housing market and are driving up the value of real estate.

In 2023, 10.1% of single-family homes and 17.3% of condominiums in Honolulu were sold to out-of-state buyers.⁵ On O‘ahu, units purchased by out-of-state buyers in 2018 were 46.6 percent higher than the average units sold to locals.⁶ This price differential highlights how out of state purchases establish a new home sale benchmark for "market rate" which influences surrounding asking prices. The influx of external capital drives property values up faster than local wages can keep pace. This continues to exacerbate our significant affordability gap, where the average local resident is increasingly priced out of the housing market.

Empty home taxes are increasingly being implemented in various cities around the world. Hawai‘i Appleseed supports an empty homes tax initiative that seeks to achieve 1) funding for affordable housing initiatives and 2) reducing speculative investment.

¹ [“Table S2503: Financial Characteristics.” US Census Bureau, 2024.](#)

² [UHERO Hawaii Housing Factbook.](#)

³ [US Census Bureau](#)

⁴ [“Hawaii Vacation Rental Performance,” Department of Business and Economic Development, 2024.](#)

⁵ [UHERO Hawaii Housing Factbook.](#)

⁶ [Hawaii Housing Planning Study, 2019, Table 13.](#)



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law and Economic Justice
Support for Bill 046(24) – Empty Homes Tax
Honolulu City Council
Wednesday, October 9th, 2024, at 10:00AM

Bill 46 (24) is modeled closely after the Vancouver Empty Homes Tax. The implementation of the EHT in Vancouver has proven to be a significant revenue generator, with a total of \$154 million collected since the program began in 2017. Vancouver has also seen success in reducing speculative investments, realizing a 54% decrease in vacant properties.⁷

Given the higher number of vacant properties and their greater assessed value in Honolulu compared to Vancouver, the county can anticipate even greater revenue from implementing the tax. According to Hawai'i Appleseed's estimates, Bill 46 (24) could provide up to \$183.40 million annually.

After allocation of EHT revenue into administration costs, Vancouver has also poured the rest of revenue into affordable housing initiatives. Since implementation, Vancouver has approved 1221 social and supportive housing units, on track with their annual targets.⁸

Given the severe housing crisis in Honolulu, **it is strongly recommended that all revenue from the EHT be dedicated exclusively to funding a wide range of affordable housing initiatives.**

Specifically, Honolulu needs a flexible approach to maximize the fund's potential and to respond to the city's evolving housing challenges. A rigid allocation could limit the city's ability to address diverse housing demands, such as rental assistance, infrastructure, or renovation of existing units. Currently, the only county-level fund dedicated to affordable housing in Honolulu is the Affordable Housing Fund, however the fund's use is tightly restricted.

Recommendation:

Earmark 100% of revenue for broad affordable housing initiatives or direct the revenue into the Affordable Housing Fund while working to loosen its current restrictions, and to cover the full administrative costs associated with implementing the EHT.

Given the global demand for real estate in Honolulu, an empty homes tax could be an opportunity for the City and County to start the rebalancing of the city's housing market. **We strongly encourage you to support Bill 46(24).**

Mahalo for the opportunity to testify.

⁷ [Empty Homes Tax Annual Report 2023](#)

⁸ ["Memorandum," City of Vancouver, 2024.](#)